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Galileo's telescope: does
God believe in science?

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Mack McLarty:
from kindergarten
to White House

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FT
NEWSPAPER
of THE YEAR

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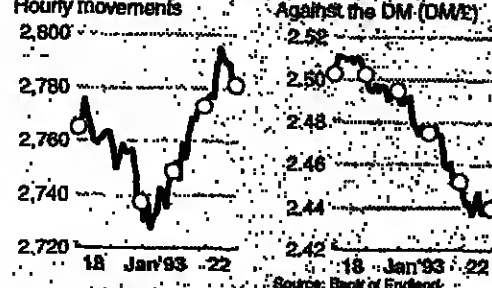
Croatians cross UN truce line to attack Serbs

Croatian troops crossed a United Nations truce line in Serbian-held Krajina yesterday and launched an offensive in one of four Croatian peacekeeping zones. Serbs later seized heavy weapons from UN safekeeping depots to reinforce their positions. The fighting, which also flared in Bosnia, came when prospects for the Bosnian peace talks were rising after Bosnia's Serb parliament accepted a constitutional framework. Page 2

US keeps up the pressures A US warplane attacked an Iraqi anti-aircraft missile battery reinforcing president Clinton's vow to maintain Washington's tough policy towards Baghdad. Iraq denied it had a missile site in the area. Page 3

Sterling under pressure against D-Mark

FT-SE 100



Growing gloom about Britain's economic recovery prospects put sterling under fresh pressure against the D-Mark. It closed 1 1/2 pence lower on the day at DM2.44, more than 6 pence below last Friday's finish. In London, shares rose on hopes of an interest rate cut and the FT-SE 100 index ended 7.9 points higher on the day at 2,751.2. Page 2; Spain cuts rate, Page 2; Currencies, Page 11; Markets, Weekend FT, Page 11

Clinton's first political defeat Zoe Baird, US president Bill Clinton's nominee for attorney general, withdrew her nomination amid senate criticism that she employed illegal immigrants. Page 22; The ways of Washington, Page 3

Danish government Denmark's Social Democrat leader Poul Nyrup Rasmussen won formal approval from four parties to form a Danish government. Page 2

Salvage experts boarded the blazing tanker Maersk Navigator, which had already left a two-mile oil slick near the entrance to the Malacca Strait off Sumatra. The tanker was carrying nearly 2m barrels of crude. Page 3

Texas Instruments, the US chip and electronics manufacturer, boosted fourth-quarter revenue to \$1.99bn (£1.3bn) against \$1.75bn a year earlier. Page 10

Palestinian deportees Lebanon agreed to a British offer to airlift some of the Palestinian deportees to Israel. The Israelis have said they will allow those 11 and those they deported in error to return. In the occupied Gaza Strip, Israeli troops shot and wounded an eight-year-old boy and 17 other people.

Calvet gives up Jacques Calvet, head of French car maker Peugeot Citroen, is giving up his Perot-style campaign for the French presidency. He said he launched his bid to stimulate debate and was now withdrawing.

Disease strikes in Sudan Medical workers say 60,000 people in southern Sudan have been killed by Kala-azar, a wasting disease. The sufferers were cut off from medical help by a civil war battlefield.

Baby sexing clinics Controversy erupted after the opening in London of the first British clinic offering couples the chance to choose the sex of their babies. The service is being investigated by the Department of Health.

Safe in Florida Missing prostitutes' rights campaigner Linda St Clair has been found safe in Florida, UK police said. They had been seeking her in Britain since she disappeared after threatening to reveal details of a file on influential clients. The search is estimated to have cost more than £100,000.

Hungarian PM's pledge Jozsef Antall, Hungary's prime minister, vowed not to compromise with rebellious right-wingers who are threatening the unity of his Hungarian Democratic Forum party. Page 2

STOCK MARKET INDICES		STERLING	
FT-SE 100	2,751.2 (+7.9)	New York futures	1,329
Yield	4.32	London	1,329
FT-SE 100	2,751.2 (+0.2)	DM	1,329 (1,518)
FT-AE-500	1,348.55 (+0.2)	FF	8,265 (8,265)
Nikkei	10,336.51 (-201.87)	Sfr	2.24 (2,247)
New York futures	3,258.97 (+5.95)	Y	191.5 (188.75)
Dow Jones Ind Ave	3,258.97 (+5.95)	£ Index	79.7 (79.8)
S&P Composite	435.54 (+1.15)		
US LUNTIME RATES		DOLLAR	
Federal Funds	2 1/4%	New York futures	1,329
3-mo Treas Bill	3.85%	DM	1,329 (1,518)
Long Bond	7.25%	FF	8,265 (8,265)
Yield	7.25%	Sfr	2.24 (2,247)
LONDON MONEY		NORTH SEA OIL (Argus)	
3-mo Interbank	8 1/4% (Surre)	Brut 15-day (Mar)	17.35 (17.75)
Libor 3-mo	8 1/4% (Mar 100%)	Gold	
3-mo T-bill	3.85%	New York Comex Feb	328.5 (328.2)
Long Bond	7.25%	London	328.5 (328.0)
Yield	7.25%	Tokyo close	125.15

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Economist editor appointed as deputy governor

Eddie George to be governor of Bank of England

By Robert Peston, Philip Stephens and John Gapper

MR EDDIE GEORGE was yesterday appointed as the new governor of the Bank of England.

The announcement of his appointment as head of the UK central bank, made by the prime minister's office, ends several months of speculation about the likely successor to the present governor, Mr Robin Leigh-Pemberton, who has held the post since 1983 and retires in June.

The new deputy governor is Mr Rupert Pennant-Rea, the editor of The Economist magazine.

Mr George said last night that he was delighted that the government for the first time had given the Bank a clear mandate to support the government in the fight against inflation.

Mr George, the current deputy governor, will be only the second governor drawn from the ranks of the Bank's own staff. Aged 54, he joined the Bank in 1962 after leaving Cambridge University.

His appointment to one of the most powerful UK public sector positions — and the best paid public sector job — had been widely predicted.

Page 5

■ The determined insider

■ Profile of new deputy

However the choice of Mr Pennant-Rea, 45, as deputy governor was completely unexpected.

Mr Pennant-Rea worked at the Bank between 1973 and 1977. He is a close friend of Mrs Sarah Hogg, the head of the Downing Street policy unit or think tank.

Mr George said of Mr Pennant-Rea's appointment that he "recognised the case for bringing fresh air into the Bank".

Mr George will be in charge of advising the government on its inflation policy and fund-raising in the UK debt markets. He will also be the leading spokesman for the City's interests both domestically and internationally and will have overall responsibility for supervising UK banks.

The choice of Mr George was made by Mr John Major, although Mr Leigh-Pemberton recommended his selection. The other leading candidate was Sir David Scholey, chairman of the merchant bank, SG Warburg.

Downing Street signalled that

Mr George's professional expertise and his easy relationship with Mr Major had been key factors in his appointment.

One of Mr George's most important roles as deputy governor has been to advise the Treasury on how to intervene in currency markets. However, the prime minister had not blamed him for sterling's forced withdrawal from the European exchange rate mechanism last September.

Mr George, who will formally take over in June, is generally regarded as a hawk on inflation. He had profound doubts about the wisdom of joining the ERM.

In the City of London, his appointment was greeted with a positive reaction. Mr Brian Pittman, chief executive of Lloyds Bank, said: "He is a real professional. We have a high opinion of him."

The appointment was also welcomed by European central bankers and government officials as a sign that the Bank of England's stewardship would pass into a safe pair of hands.

One central banker in continental Europe said of the decision by the UK government: "They're setting a very high store by real professionalism."



Challenger: Eddie George

Bankers may not provide Jubilee line funds

By Robert Peston, Banking Editor in London

BANKERS to Canary Wharf, the financially troubled property development, said yesterday there was serious doubt about whether they would provide funds to extend the Jubilee line into east London.

They said there were no firm commitments from them to provide the £400m towards the cost of extending the underground rail line which the government has said is needed from the private sector. Without this contribution, the extension will not be built.

In November, the administrators to the project said agreement in principle had been reached with 11 banks on the provision of the funds, including an immediate contribution of £98m. As a result, Mr Norman Lamont, the chancellor, earmarked public funds in the Autumn Statement for the government's share in the project.

But it emerged yesterday that the 11 banks, including Barclays and Lloyds of the UK, have not made a binding agreement to provide the private sector share. They are relying on the European Investment Bank, the European Community lending institution, to provide the bulk of the £98m.

"I am confident that the EIB will come up with the money," said one banker. However, a banker with close links to the EIB said it had not made any promise to provide the money and there was considerable doubt whether it would do so.

The EIB has already lent £100m to the project. Another £600m has been provided in a main lending facility provided by 11 banks. Four Canadian banks have provided a separate £450m loan.

Canary Wharf is in administration under UK insolvency procedures. Bankers said the project would probably go into liquidation if there was no agreement on funding for the Jubilee line.

Discussions on the Jubilee funds are closely linked to separate negotiations on how to provide an additional £200m needed to complete Canary Wharf's building in London's docklands.

Continued on Page 22
Background, Page 4
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Government says pit closure plan vindicated

By Michael Smith and David Owen

THE GOVERNMENT yesterday claimed vindication for its decision last October to close 31 coal mines after independent reports pointed to an unprecedented decline in the market and broadly backed the selection of pits chosen for closure.

However, the likelihood that the government will change its mind on some of the pits was reinforced by the conclusion of one of the reports, by John T

Boyd, a US mining consultancy, that 13 could be profitable if there were significant changes to working practices.

One of the 31, Point of Ayr, in north Wales, seems almost certain to remain open after Boyd said its "room and pillar" mining system should be applied at other collieries. "Priority should be given to continuation of this pit to demonstrate the feasibility and economics of the system."

Boyd said British Coal's strategy for selecting the 31 pits originally earmarked to close

appeared reasonable. Among the 21 subsequently granted a stay of closure by the government, the consultancy ranked Mafhay and Hatfield the most economic, and Wotoc and Eastington the least so.

Mr Tim Eggar, energy minister, said the reports broadly confirmed the assessments which led to the original decision in October to close the pits.

The government would consider the reports in its white paper on energy but he added that no pit would be viable

unless there was a market for coal.

Mr Robin Cook, shadow trade and industry minister, questioned the value of the reports and said they made it hard to believe that ministers were carrying out a searching review of energy policy.

Mr Arthur Scargill, president of the National Union of Mineworkers, said they added nothing new.

He said the reports failed to point out that other forms of energy, such as nuclear power and gas, were more expensive

than deep mine British coal, and that coal imports were subsidised while British coal was not.

The report by Caminus Energy, "tells us nothing more than that on present policies coal is being shut out from the electricity market. We knew that in October."

At Westminster last night there were fears that publication of the documents could provoke a split among members of the

BR privatisation plans may still change, MacGregor says

By Richard Tomkins, Transport Correspondent

MR JOHN MacGregor, transport secretary, yesterday appeared to leave the door open to significant changes in the UK government's proposals for the privatisation of British Rail.

Mr MacGregor, unveiling the detailed plans in the form of the Railways Bill, emphasised the opportunities for parliament to amend the legislation before it won royal assent.

"The whole point of the parliamentary process of dealing with legislation is to carry out a parliamentary scrutiny," he said. "So there will be full parliamentary scrutiny in the months to come, and there may well be changes."

The government's plans for breaking up British Rail are threatening to turn into the most controversial privatisation yet. They have come under fire from a broad range of bodies including consumer groups, the public transport lobby, professional institutions, trade unions and MPs.

The aim is to split British Rail into two, with one body operating the trains and the other owning the tracks. Freight operations would be sold and the passenger

train operations would be contracted out to the private sector in up to 40 separate franchises, starting in 1994.

Mr MacGregor has already climbed down on one aspect of the privatisation proposals, saying that franchisees will not necessarily have to face on-track competition from other operators trying to poach their customers.

But the plans are still drawing strong criticisms about the practicality of separating track ownership from the operation of trains and the possibility that the introduction of track charges could price traffic off the railways and on to the roads.

Yesterday, Mr Brian Wilson, a Labour transport spokesman, claimed the bill would mean fewer services, greater safety risks, more bureaucracy, higher fares, more freight on the roads and heavy job losses.

"Above all, one is struck by the Byzantine complexity of what is being proposed," Mr Wilson said. "The lawyers will love it. Fragmenting the railways means everyone registering with everyone else, and a vast web of agreements and regulatory procedures."

Sir Bob Reid, BR chairman, refused either to endorse or to criticise the bill. "It is certainly a

legitimate way of broadening the financial base of the railway. Whether it works or not really depends on who comes forward and runs these franchises," he said.

Mr MacGregor said the plans would bring better railway services for passenger and freight customers and better value for money for the taxpayer.

Fares would rise no more rapidly than they had under British Rail, he predicted, and closure procedures would remain as stringent as they were now.

Mr MacGregor acknowledged that work was still to be done on some of the details of the proposals. A document on rolling stock leasing would be issued next week, another on the track charging regime would follow next month, and a third on the sale of freight services would come in March.

"There is no doubt that there are issues to be sorted out. I don't deny that for a second. BR is a very complex business," he said.

When he was challenged on the widespread hostility to the plans, Mr MacGregor said similar criticisms had accompanied earlier privatisations.

"The problems then were overcome, and they will be overcome this time," he said.

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NEWS: INTERNATIONAL

Croatian offensive shatters ceasefire

By Laura Silber in Belgrade

AN upsurge in fighting in the former Yugoslavia yesterday threatened to shatter the UN peace plan in Croatia and overshadowed the Bosnian peace talks, due to resume in Geneva today.

Croatian troops launched an offensive in the south, one of four UN peacekeeping zones held by Serb rebels, and fighting intensified in Bosnia.

UN officials in Zagreb said that Croatian troops had crossed the year-old ceasefire line around the Maslenica bridge into the Serb-occupied Krajina region, the main overland route linking central Croatia with its southern Adriatic coast and around the Zemunik airport, near the port of Zadar.

The offensive comes amid mounting frustration among Croat leaders over their lack of control over about one-third of Croatia, which is held by Serb militia and under nominal UN authority.

"They have told us they want to secure the Maslenica bridge area and the area around it because they are

exasperated with Serb delays with regard to reconstruction of the vital bridge," Mr. Cedic Thornberry, the UN chief of civilian affairs, said in Zagreb.

Yesterday's offensive shattered a relatively stable ceasefire in Croatia and raised fears of a renewal of the Serbo-Croat war. At least 10,000 people were killed in the seven-month conflict in Croatia which erupted in June 1991 when the western republic declared independence from Serb-dominated Yugoslavia.

Backed by the Yugoslav Army, Serbs, who comprised 13 per cent of the 4.7m population, took up arms against Croatian independence. Belgrade Radio said several French peacekeepers were wounded in the fighting at Zemunik airport. The report could not be independently confirmed. They said hundreds of refugees were fleeing artillery and mortar barrages in the area.

Serb commanders in Krajina, the self-proclaimed Serbian state in Croatia, announced a general mobilisation and reminded the Yugoslav Army of its promise to intervene if

"Serbs were under threat".

Under the UN peace plan, Serb fighters were supposed to hand over their weapons to UN supervision to create demilitarised zones. But a UN official yesterday said: "We have some information that the Serbs have removed heavy artillery from UN-supervised arms depots."

Yugoslav President Dobrica Cosic sent a letter of protest to the UN Security Council. "We are now at a turning point - either towards peace or toward total war," he warned.

Meanwhile fighting was reported throughout neighbouring Bosnia-Herzegovina. Sarajevo radio said the old town centre of the besieged Bosnian capital came under heavy shelling by Serb forces from the surrounding hills. Serb forces bombarded Mostar, the Croat-held city in south-west Bosnia, said Croatian radio.

In eastern Croatia, a UN soldier was killed when he stepped on a landmine in Sector East. He was the 24th UN peacekeeper killed since UN troops were deployed last March.

Geneva peace talks reach crucial phase

By Robert Mauthner, Diplomatic Editor

THE RENEWED fighting between Croats, Serbs and Muslims in the former Yugoslavia comes as the Bosnian peace talks appear to have been given a boost by the Bosnian Serb parliament's acceptance of a constitutional framework for Bosnia.

The negotiations, due to be resumed in Geneva today, are about to deal with the most controversial element of the international mediators' peace plan - the detailed map of the ten provinces into which Bosnia will be divided.

"There are no illusions; the map discussions will be difficult," Mr. Fred Eckhard, the mediators' spokesman said yesterday.

As with the negotiations last week on the constitutional principles, the talks will be attended by the top leaders of the rump Yugoslavia, federal President Dobrica Cosic, Serbian President Slobodan Milosevic and Montenegrin President Momir Bulatovic. It was President Milosevic's intervention, in particular,

which persuaded the Bosnian Serbs to accept the constitutional framework.

Anxious not to lose the momentum of the negotiations, the Geneva conference's co-chairmen, Mr. Cyrus Vance and Lord Owen, will urge an agreement on the map during the current session of the talks. They are prepared to draw out the talks as long as necessary.

However, given the deep disagreements over territory which still divide the three ethnic groups, a more realistic prospect is that the negotiations will run into the sand by about Tuesday and will be adjourned for a few days to give an opportunity for further bilateral contacts.

The mediators' plan provides for the creation of an independent, unified state of Bosnia, divided into 10 largely self-governing provinces. But though the Croats have already accepted the provincial map, both the Muslims and Serbs are deeply unhappy with some of the provincial borders.

The Muslims, who accounted for more than 40 per cent of

UK-US group aims at German power sector

By Leslie Collin in Berlin and Ivo Dawany in London

A UK-US consortium of PowerGen and NRG Energy has won an important first round in an ambitious attempt to become an important German coal and electricity producer.

The Treuhand privatisation agency decided yesterday to begin negotiations on selling east Germany's largest brown coal mining company, Mibrag, to the consortium.

A rival German energy consortium, led by Rheinbraun and including RWE, PreussenElektra and Bayernwerk, failed to submit a competitive bid, according to the Treuhand.

PowerGen's move comes at a politically sensitive time for the UK government, in the middle of a review on how to relieve some of British Coal's mines.

However, the privatised generator stressed yesterday it had no plans to import the coal, which would all be used locally.

PowerGen and NRG Energy are understood to have bid nearly DM1bn (£412m) to buy Mibrag's extensive open-cast mines in the Leipzig area and planned several billion D-Marks in investments. Mibrag, which produced 36m

tons of brown coal last year, expects to sign contracts shortly to supply brown coal to several big power stations planned in Saxony. The company's workforce is to be slashed by 5,500 to 10,500 by the end of this year.

The UK-US consortium also aims to become the first foreign company to operate power stations in Germany, breaking the fiercely-protected oligopoly of domestic producers. German electricity rates are among the highest in Europe and PowerGen and NRG Energy have held out the prospect of producing cheaper electricity. Both the Treuhand and the German Cartel Office have expressed interest in obtaining cheaper rates for German industrial and household users.

The Rheinbraun consortium is also negotiating with the Treuhand to buy the Laubitz brown coal company in nearby eastern Brandenburg state, but progress has been slow. The Treuhand hopes to speed the process with its decision to negotiate exclusively with the Anglo-American consortium on Mibrag.

Mibrag's sale is to be concluded by June the Treuhand said. If PowerGen and NRG Energy are unable to sustain their offer, new tenders will be invited.

Two-track CIS emerges from Minsk conference

By Leyla Boulton in Minsk

THE COMMONWEALTH of Independent States yesterday embarked on a two-tiered future, with only seven of its 10 states agreeing on a charter for closer political and economic integration. Ukraine, Moldova and Turkmenistan refused to sign the long-discussed charter to create a defence alliance, an economic co-ordination committee and an interstate court.

However, all 10 participants at yesterday's summit in the Belorussian capital of Minsk signed a declaration that any state would be free to sign up to the charter in future.

Moreover, an Interstate bank, seen as crucial for reviving collapsing interstate trade,

was also endorsed by all 10. It is to establish a badly needed clearing system and provides for the possibility of co-ordinating credit and monetary policy among the republics that continue to use the rouble.

The leaders also agreed to set up a common framework for the securities being issued by republics as part of moves to a market economy.

Mr Stanislav Shushkevich, the Belorussian leader and summit host, told a news conference: "I must disappoint those who were predicting the end of the Commonwealth. We have seen things eye-to-eye as never before."

Kazakhstan President Nursultan Nazarbayev said the signatories of the charter were "the Commonwealth integra-

tors", thus acknowledging two different kinds of Commonwealth membership had emerged.

But President Leonid Kravchuk of Ukraine, which has been the most recalcitrant Commonwealth member, said the states now respected each other's right to be different: "There are some questions which can only be decided in the Commonwealth but others must be left to bilateral relations. Today's meeting has shown we have begun to respect each other."

Russian President Boris Yeltsin said: "We understand we cannot live without each other even though Russia is better protected. Russia cannot live without Tajikistan, Ukraine or any other republic."

Antall stands up against far-right

By Nicholas Denton in Budapest

THE FUTURE of Hungary's conservative government hung in the balance last night as Prime Minister Jozsef Antall battled against a far-right offensive to take over the ruling party, the Hungarian Democratic Forum.

Mr Antall, a statesman-like moderate who has led Hungary since voters threw out the communist regime in 1990, put his political career on the line in his speech yesterday opening the Forum's congress.

Mr Antall, generally regarded as a vital element in Hungary's continuing stability, threatened resignation if the far-right took over the party presidium in internal elections last night.

The prime minister appealed to the good sense of the party, saying the far-right endangered the stability which was Hungary's "prime asset", lacking in neighbouring countries.

His speech confronted Mr Istvan Csurka, the extremist leader whose attacks on Jews, communists, liberals, journalists and western companies have capitalised on discontent over falling living standards, aroused Forum activists and thrown Hungarian politics into turmoil.

Mr Antall had in the interests of party unity resisted much pressure from the opposition and the international community to move against the anti-semitic writer after he launched his explosive manifesto last August.

But the prime minister's resolve appears to have hardened in the days running up to the congress as the far-right mounted personal attacks and a serious bid for power within the Forum. "If somebody draws a sword against me and the government, I take mine out: I will not back away," he said yesterday.

The clash within the Forum comes at the worst possible time for Mr Antall, who faces challenges on all fronts. Painful economic reforms, pursued amid a recession which has seen GDP fall almost 20 per cent in three years, have proved vastly unpopular. Support for the Forum fell to 8 per cent in a recent poll.

Irish exchange rate scheme plan

By Tim Coome in Dublin

THE IRISH government has revealed details of a £1.1bn (£1.2bn) exchange rate guarantee scheme to be used to alleviate financial pressures on Irish businesses and mortgage holders hit by the recent currency turmoil.

The scheme will consist of two packages, one of £500m directed at the manufacturing, food-processing and tourism industries to reduce their borrowing costs, and another of £600m aimed at the building societies to avert a threatened 3 percentage point increase in mortgage rates.

The commercial banks will borrow the funds in D-Marks and then lend them on to eligible companies at a maximum interest rate of 13.5 per cent. In the case of the £600m to be made available to the building societies, they will apparently be able to deposit the funds back into the interbank market at commercial rates, to bring down the average cost of their borrowings, forced up sharply by the currency crisis.

Some market analysts have expressed doubts about the scheme, which is expected to be functioning early next

week, especially about the ability of the authorities to "ring-fence" the funds within the marketplace and prevent them from being used to fuel a new speculative run on the punt.

The Finance Ministry said yesterday: "The government will be quite insistent that there will be very close monitoring of how the funds are used."

The overall operation of the scheme will be reviewed in three months.

Although the punt strengthened considerably within the ERM this week, the key one-month money rate in the Dublin interbank market has continued to hover around 20 per cent, keeping the pressure on banks and lending institutions. Sterling traded yesterday at close to 1.09 to the punt, as it continued to weaken on the back of poor economic figures.

Most analysts in Dublin agree it will be extremely difficult for many Irish exporters to keep their markets in the UK if such an exchange rate is sustained. This week, leaders of Ireland's timber industry warned that several thousand jobs might be lost "within weeks" because of the decline in orders from the UK.

Economists call for floating franc

By David Buchan in Paris

A GROUP of private-sector French economists has called for the franc to be allowed to float against the D-Mark, opening up another crack in the establishment's consensus on the need for a strong franc.

At this week's Franco-German treaty anniversary celebrations, President Francois Mitterrand was firmly against any de-coupling of the franc from the D-Mark. Most proponents of a more flexible exchange rate have been identifiable anti-Europeans. But members of France's National Association of Doctor Graduates in Economics have concluded in their latest bulletin that although it has lower inflation than Germany, France will not succeed in bringing its interest rates below those of Germany.

These economists are impressed with the three-point fall in UK short-term rates since sterling left the European exchange rate mechanism. Only a narrowing of the gap between France's low inflation rate and high nominal interest rates will make it worthwhile for French companies to resume investing and creating jobs, they argue. If a floating franc means a franc sinking against the D-Mark, "it would be better to accept it, as the price of stopping the asphyxiation of the French economy."

In fact, the economists do not seem to be choking, according to figures published yesterday showing a 5.4 per cent rise in manufactured sales in December. The requirement for higher environmental standards from this month on led to a surge in car sales at the end of 1992.



Czech state bank clerks paste stamps on old Czechoslovak crowns in preparation for splitting the currency between the new Czech and Slovak republics

Spain cuts key rate as peseta finds calmer waters

By Tom Burns in Madrid

THE BANK of Spain yesterday gave a strong signal that it believes that the peseta has put its currency troubles behind it. The bank announced a half-point cut in the key money rate at the repurchase tender of its bank's certificates.

The bank said the decision to bring down the benchmark intervention rate from 13.75 per cent to 13.25 per cent was "a response to the progressive normalisation of the currency markets as they recover from the upsets of the autumn of 1992."

The monetary authorities had raised the rate from 13 per cent to 13.75 per cent on November 23 to shield the peseta against speculators following a 6 per cent devaluation of the currency. The peseta had already been devalued by 5 per cent two months earlier when the September upheavals in the European Monetary System forced the pound and the lira out of the system's exchange rate mechanism.

Yesterday's move by the bank had been expected by the markets, as it came in the wake of a set of indicators that

the peseta had been restored to health.

By the end of December, Spain's reserves, which had been hard hit in the battle to secure the peseta, improved by nearly \$3bn to finish 1992 with \$50.4bn (£33.1bn), and the currency has recently remained comfortably above the Pta72.78 to the D-Mark parity that was set in the November realignment.

Underlining the peseta's strength, the currency was fixed yesterday at its parity of Pta70.78 to the D-Mark, down from Pta72.80 before the announcement of the rate cut.

Banco de Santander was the first of the big commercial banks to lower its preferential lending with a 0.5 cut from 12.95 per cent to 12.45 per cent. Fuelling the confidence of the Bank of Spain, price rises slowed appreciably in the last months of the year to give Spain a 5.4 per cent year-on-year inflation rate at the end of December. The continuing depressed state of the economy is likely to bring the inflation rate below 5 per cent in the early months of this year.

Anticipating an easing of the intervention rates, there has

been a strong foreign-led rally in the Spanish bond market in recent weeks. Spanish debt held by non-residents rose to Pta1.87bn (£10.68m) at the end of last year from a Pta1.60bn low in mid-November and last week alone non-residents bought Pta155bn of government paper.

The Bank of Spain prepared the ground for yesterday's cut by injecting Pta500bn into the interbank market on Thursday, against a requirement of only Pta200bn, which brought the overnight rate down from 14.60 per cent to 14.05 per cent.

Analysts said there was room for further cuts in the benchmark rate as the differential in real interest rates between the peseta and the other EMS currencies remains very high. Three month Eurosepta rates stand at around 600 basis points higher than the Eurodollar.

In February last year the intervention rate stood at 12.40 per cent, and the government, which faces elections this year, will be tempted to bring the current rate down further if the peseta remains strong and the inflation figures continue to improve.

Defence cuts may undermine Nato, Wörner warns

By Lionel Barber in Brussels

THE Nato alliance's chief mission, the defence of western Europe, risks being undermined by sharp cuts in defence spending by its members, Mr Manfred Wörner, Nato secretary general, said yesterday.

Mr Wörner warned that some - perhaps all - alliance members could be tempted to ignore the main defence force by focusing on innovations such as peace-keeping and the creation of a mobile rapid reaction force.

Belgium has announced plans to cut its armed forces by nearly 50 per cent to 45,000 by 1995, the Netherlands aims to cut the size of its army by more than half to 37,000 by the end of the century. These figures are inflated by the decision to end conscription by 1995 and 1998 respectively.

Other Nato allies - all hard-pressed by the recession - are considering deep defence cuts. Germany faces a huge budget deficit because of the costs of unification.

At a news conference in Brussels, Mr Wörner reaffirmed that Nato remained the principal forum on European security questions. The Western European Union - the nascent defence arm of the European Community - was still complementary but subordinate to Nato, he said.

Nato officials are worried that defence cuts in Europe will provoke retaliation in

Washington. Already, the US Congress has passed a bill which reduces US spending on Nato infrastructure this year to \$60m (£39.4m), down from a planned \$340m. The US traditionally contributes a quarter of annual Nato spending on infrastructure.

Defence planners are worried that Nato's European allies are reluctant to make up the shortfall.

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Japan's trade surplus surges to \$107.06bn

By Robert Thomson in Tokyo

JAPAN'S trade surplus surged 37.6 per cent last year to a record \$107.06bn (\$70.40bn), as demand for imports weakened and the politically-sensitive surpluses with the US and European Community each rose by 14 per cent.

The Japanese government is concerned that the record surplus, far exceeding the previous high of \$82.7bn in 1988, will attract criticism from the new US Administration, which has indicated that it will take a tougher line on trade.

Officials at the Ministry of Finance said an emergency economic package introduced late last year should stimulate demand for imports, but the Bank of Japan conceded that the surplus is unlikely to decline in the near future.

Customs-cleared exports rose over the year by 8 per cent to \$293.76bn, while imports were 1.7 per cent lower at \$232.70bn, the first decline since 1986 and a result of falling capital investment and a slowing of demand for imported luxury goods, particularly those from Europe.

During December, the surplus rose 12 per cent from the same month last year to \$11.23bn, following a 4.3 per cent increase in exports and a slim 0.3 per cent gain in imports.

General machinery exports

expanded by 11.9 per cent and those of chemical products were 11.4 per cent higher.

Japanese officials said the expansion of the surplus reflected fluctuations in exchange rates and commodity prices, but the export increase came partly from the attempts of Japanese industry to utilise excess capacity created during the late 1980s, when investment in new plant rose sharply.

Over the year, exports of cars and other transport machinery rose by 11.9 per cent and semiconductor equipment by 19.7 per cent, two of the most sensitive areas of trade with the US and Europe. Imports of EC cars fell 6.7 per cent and of art works by 64.1 per cent, a by-product of the collapsing "financial bubble".

The 1992 trade statistics reflected Japan's increasing reliance on Asian markets, and the gathering momentum of the Chinese economy.

Japan's exports to China jumped 39.2 per cent and imports from China were 19 per cent higher, while Japan's surplus with the newly industrialised economies of Asia rose 17.6 per cent.

However, Japan's trade with Russia fell sharply, with exports down 49 per cent and imports 27.7 per cent lower. Exports to the UK rose 11.3 per cent to \$12.3bn, while imports from the UK were down 2.4 per cent to \$4.9bn.



Emperor Akihito declares open the new session of parliament in Japan yesterday. Prime Minister Kiichi Miyazawa pledged to expand Japan's international peace-keeping role, boost its economy and restore popular trust in politics.

Clinton introduced to ways of Washington

By Jurek Martin in Washington

PRESIDENT Bill Clinton has now joined the sort of club of which he would rather not be a member. Like five of his six predecessors, he has seen a nominee go down in flames and his own administration get off to the sort of start it would have preferred to avoid.

In accepting Ms Zoe Baird's withdrawal as prospective attorney-general, Mr Clinton essentially decided to cut his losses and save his credits for a battle more central to his presidency, like health care and job creation. But sacrificing a nominee in the first two days of office does not quite convey the sense of strength and purpose that he hoped he would bring to the office.

Weighing on Mr Clinton's mind must have been the precedents which provide conflicting advice. President George Bush stuck with the nomination of John Tower to be defence secretary, lost it, and never really regained the upper hand with Congress.

President Jimmy Carter faced two such battles. He stuck with Mr Bert Lance, his budget director, and won confirmation, only to have Mr Lance resign under a cloud of scandal six months later. He let Mr Theodore Sorensen, his CIA nominee, withdraw. The

combination of both affairs may have marked the beginning of the slow unravelling of confidence in his presidency.

President Ronald Reagan saw a lesser state department nominee, Mr Ernest Lefever, a particularly controversial right winger, denied office, but that proved to be a mere blip on his first term. In 1987 he could not get Senate approval of Mr Robert Bork for the Supreme Court, a fate that also befell the Court nominees of Presidents Johnson and Nixon later in their terms.

Ms Baird was undone, politically, by a curious combination of circumstances. Mr Clinton himself seems to have chosen her at the very last minute - she was previously in line to be White House legal counsel. Exactly what he knew about her personal problems to employing an illegal immigrant couple remains unclear.

In the crunch, he never stood four square behind her, which exposed the weakness of her own political constituency. As a corporate lawyer, she seemed to appeal more to Republicans in the Senate than to Democrats. She had not been in the forefront of any of the progressive movements so dear to the Democratic Party.

This week she picked up two powerful opponents, both Democrats, in the persons of two principled (and black) law pro-

fessors - Ms Barbara Jordan of Texas University and Ms Patricia King of Georgetown. Both said that someone who has admitted breaking the law, as Ms Baird had, was disqualified from being the nation's chief law enforcement officer.

Her crime was quickly deemed a "yuppie" offence, and much was made of the fact that someone who was earning \$500,000 a year did not have to stoop to employing illegal immigrants. That the offence is rampant in Washington and the nation's more affluent suburbs mattered less than the floods of hostile mail received by the Senators from their less affluent constituents and by the weight of opposition reflected in instant polls and talk show conversations, many of which recalled Mr Clinton's campaign promise to respect those who "paid their taxes... and played by the rules".

Even if Mr Clinton can limit the damage, he is still left with a tricky problem of finding another attorney general. The women's lobby, which had begun to distance itself from Ms Baird in the last 48 hours, still expects a woman to run the justice department, which was the President's proud proclamation just last month.

At the very least President Bill Clinton has received an early and salutary education in the ways of Washington.

Summers faces thorny task of revitalising G7

By Michael Prowse in Washington

HE is undoubtedly clever, forceful and articulate, but is he a natural diplomat? That is the question likely to be asked about Mr Lawrence Summers, named this week as under-secretary for international affairs at the US Treasury - the post held in the Bush administration by Mr David Mulford.

At the Treasury, Mr Summers is likely to have prime responsibility in two crucial areas - economic policy co-ordination between the Group of Seven leading industrial countries and support for economic reform in the former Soviet republics.

His new boss, Mr Lloyd Bentsen, the Treasury Secretary, has emphasised his desire to revive the G7. The delicate task is likely to fall to Mr Summers.

The potential for conflict is considerable. The US hadly wants other G7 powers to shore up its still fragile recovery by stimulating their own economies. Mr Summers is likely to argue that countries like Germany, should put less stress on fighting inflation and more on promoting growth and jobs.

Mr Summers moves to the Treasury from the World Bank where he was serving as chief economist, on leave from his economics chair at Harvard University. He has long coveted a top Washington job, having served as economic adviser in the abortive 1988 Democratic presidential campaign.

He initially set his sights on the chairmanship of President Bill Clinton's Council of Economic Advisers. That job went to Ms Laura Tyson.

But if confirmed by the Senate, Mr Summers may find the Treasury international post a sweet consolation prize. He will be intimately involved in



Summers: need for diplomacy

day-to-day policymaking; the CEA, by contrast is an advisory body with no direct line responsibility.

Nobody doubts Mr Summers' intellectual abilities. He received tenure at Harvard at the unusually young age of 28 and became a prolific author of academic papers in diverse fields, including tax theory (he is a trenchant supporter of investment tax credits), unemployment and the efficiency of financial markets.

Mr Summers' stint at the World Bank, however, was not without controversy. Unusually for an academic, Mr Summers speaks with an assurance bordering on arrogance; he has an almost Thatcherite lack of self-doubt.

His worst error was an insensitively written memo that appeared to advocate the dumping of toxic waste in less developed countries.

According to Mr Summers, the memo was intended to spark internal debate, not a policy recommendation. It nevertheless infuriated environmentalists and may have cost him a Cabinet level post in the Clinton administration. At the Treasury, similar mistakes of judgment could have far worse consequences.

Protests over move to lift curbs on abortion

By George Graham in Washington

ANTI-abortion protesters gathered in front of the White House yesterday as President Bill Clinton prepared to reverse some of the restrictions on abortion imposed during the Reagan and Bush presidencies.

The White House said Mr Clinton would sign executive orders lifting restrictions on abortion counselling or referrals by anyone other than qualified doctors at clinics which receive federal funding.

A five-year ban on federal funding for research using tissue from aborted fetuses was also expected to be overturned.

The moves came on the 20th anniversary of the Supreme Court decision in Roe vs Wade which established that the right to privacy, grounded in the 14th amendment to the US constitution, protects a woman's decision whether or not to bear a child.

Congressional leaders, who are worried that today's more conservative Supreme Court might overturn the Roe vs Wade decision, are planning legislation enshrining its principles in law. These principles give entire freedom to a woman and her physician in the first three months of a pregnancy, allow some state regulation in the second three months and permit states to ban all abortions in the third three months, except where the mother's life is in danger.

Although the abortion issue does not split entirely along party lines, the Democrats have in general supported the right to choose an abortion, while the Republican party has taken a pro-life position. Some abortion rights campaigners hope that with presidential backing they can now from the defensive and emphasise education and contraception, in an effort to reduce the number of abortions.

The Center for Disease Control estimates that around 1.6m abortions take place in the US every year, approximately one for every three live births.

US housing starts up

By Michael Prowse in Washington

THE Commerce Department yesterday reported a 5.5 per cent increase in housing starts between November and December, a larger than expected increase.

For 1992 as a whole, starts rose 18.5 per cent, the first annual gain since 1986. Starts rose in all parts of the country last month, except the west, reflecting continuing recession in California, a guide to future construction activity, also rose sharply to its highest level in nearly three years.

The rise in starts follows a mildly encouraging assessment of regional conditions this week from the Federal Reserve.

Firm recovery 'may take some time'

By Charles Leadbeater in Tokyo

JAPAN'S economy will not start to recover until the second half of this year, the Bank of Japan warned yesterday in its quarterly economic outlook. But the economy will avoid a severe credit crunch threatened by a financial system weakened by bad debts.

The bank said private sector demand would not recover in the first six months of the year, with personal consumption stagnant and corporate investment

depressed. "It may be some time before business sentiment exhibits any firm recovery," the bank warned.

The report said the economy would gradually recover as last year's cuts in interest rates and the recently approved supplementary budget of public works filtered through into the economy.

Economists believe the bank will soon come under renewed pressure to cut interest rates further with inflation abating and consumer confidence waning. The ruling Liberal Democratic Party is preparing

a spring economic package to boost the economy.

The Tokyo stock market remains vulnerable to a renewed fall if companies start to sell some of their holdings of securities to boost their profits towards the end of the financial year in March.

The bank insisted there would be no credit crunch as the hard pressed Japanese banks are ready to expand lending as the economy recovers. Low bank lending has been one of the main factors behind the recent contraction in the money supply, which fell by 0.5 per

cent in the last three months of the year.

Large companies have had no problems funding their borrowing needs through issuing bonds and commercial paper. However, smaller companies, which are exhausting their capacity to fund investment through selling liquid assets are starting to increase their loan demand.

Commercial banks are relaxing lending policies for their branches partly because they are alarmed at the decline in the volume of business.

The report also predicts that the money supply will soon begin to recover with the increase in public spending on public works.

Mr Kiichi Miyazawa, the prime minister, addressing the opening of the Japanese parliament, said the economy was in a grim state and Japan was in the midst of political and social upheaval.

He called for Japan to increase its international contributions, for social reforms to create a better quality of life for consumers and for political reforms to eliminate corruption.

Ceasefire 'survives' as US aircraft fire missiles in Iraq

By George Graham in Washington

US aircraft again fired missiles yesterday at an Iraqi air defence battery that had turned on its radar, but neither side seemed anxious to declare that the ceasefire ordered by Iraqi President Saddam Hussein had broken down.

Iraq said it had no missile batteries in the area.

US officials said the activation of the radar could be a deliberate provocation by Iraq, but added that it was also possible that an individual anti-aircraft battery had not received or had disobeyed the ceasefire order.

Orders issued to US, French and British aircraft patrolling the two air exclusion zones in northern and southern Iraq have not changed since the new US administration of President Bill Clinton took office on Wednesday. Pilots may fire to protect themselves in the

event of any hostile or threatening action by Iraqi aircraft or ground defences.

Threatening action certainly includes "lock-on" by fire control radar attached to anti-aircraft missile batteries. Pentagon officials say a pilot on the receiving end of these high frequency radars generally knows he is seconds away from being a missile target.

It is less clear whether coalition aircraft are also authorised to fire when they are "painted" or "illuminated" by search radar, which operates at much lower frequencies.

US aircraft on Thursday attacked a radar which had merely illuminated them, but immediately before the radar was switched on they had come under anti-aircraft artillery fire.

President Clinton and his advisers have made clear that they are sticking to the policy of insisting that Iraq comply fully with United Nations resolu-

tions, and of responding to any threat against allied aircraft in the no-fly zones.

James Whittington in Baghdad adds: Diplomats in Iraq said yesterday the regime seemed to have reversed its former aggressive tone towards settling the crisis, but questioned whether it would last.

All heads of the remaining diplomatic missions in Baghdad were yesterday summoned to the Iraqi foreign office to be told by the foreign minister, Mr Mohammed Said Kazim al Sahhaf, that Iraq intends to stick to its ceasefire. The minister denied that its army had triggered Thursday's attack in the north by switching its radar on.

The regime has published an opinion poll showing that 82 per cent of Iraqis said they supported Mr Saddam Hussein's peace initiative while 18 per cent said they wanted further military confrontation.

Battle to control blazing supertanker

By Kieran Cooke in Kuala Lumpur

TUG boats and fire fighting vessels were last night battling to prevent an environmental disaster and control a fire on board the Maersk Navigator, a fully-laden supertanker drifting 100 miles off the northern tip of the Indonesian island of Sumatra.

The supertanker, carrying nearly two million barrels of crude oil, collided with a smaller unladen tanker at the northern entrance to the Malacca Strait early on Thursday. The 24-man crew, including the British captain, abandoned ship and were rescued by a passing vessel.

The Maersk Navigator's Danish owners say the supertanker is leaking oil and a slick two miles long and 200 metres wide was reported yesterday. The owners say the oil is seeping from one of twelve cargo holds.

The ship is reported to be drifting slowly away from land

and the owners say it is likely that any oil spilled so far will evaporate. A salvage crew has managed to board the vessel and tug boats have attached lines. But there is still no independent assessment of the scale of the problem.

The coastal authorities in Indonesia, Malaysia and Singapore have been put on alert, ready to tackle an oil spillage. Both the Maersk Navigator and the Sanko Honour, the other ship involved, are registered in Singapore. The authorities there have launched an investigation.

A Singapore salvage expert said the salvage teams will try to contain the fire on board the Maersk Navigator and assess how serious is the leak from the cargo tanks. "It could take several days to cool the vessel down and transfer such a large amount of oil onto another supertanker," he said. "It's a very delicate operation and there's always the possibility of an explosion."

Major goes to India

By Ralph Atkins in London

MR JOHN Major, the British prime minister, leaves for India today planning to stress the importance of further economic reform in the country if British investment there is to expand.

Whitehall officials were playing down the likelihood of deals being announced during the prime minister's trip. But he will be accompanied by 17 businessmen from some of Britain's largest companies, including British Aerospace which is hoping for progress on a contract to sell Hawk trainer jets to the Indian air force.

Britain is the largest foreign investor in India. Mr Major will be guest of honour at India's republic day celebrations on Tuesday. He is expected also to discuss nuclear proliferation and Kashmir with the India government.

Likud candidate in sex scandal accuses rivals of dirty tricks

By Hugh Carnegie in Jerusalem

ISRAELIS yesterday got the news they had been waiting for all week. It was not about Iraq, or the Palestinian deportees crisis. It was the naming of the "other woman" in a scandal which has engulfed Mr Binyamin "Bibi" Netanyahu and threatened his powerful bid to become leader of the rightwing opposition Likud party and, perhaps, Israeli prime minister.

The scandal, inevitably dubbed "Bibi-gate", is much more than a tabloid pot-boiler over Mr Netanyahu's self-confessed adultery. He himself has made it a central issue in his campaign to succeed retiring former premier Mr Yitzhak Shamir as party leader in March.

Mr Netanyahu, a former junior minister,

belie an erratic man who they say is consumed only by personal ambition.

The scandal emerged when Bibi, as everyone calls Mr Netanyahu, appeared on television to announce that his wife Sara had been telephoned with a threat to make a videotape of Mr Netanyahu in a "compromising romantic situation" if he did not withdraw from the leadership election. Mr Netanyahu admitted to an affair which he said had ended, but denounced the alleged blackmail as the work of supporters of an unnamed Likud rival who, Bibi said, surrounded himself with criminals. He reported the issue to the police, who are investigating the blackmail allegations.

Yesterday, newspapers fuelled the row when they revealed that the woman in question was Mr Netanyahu's former public image adviser whose husband is now seeking to divorce her, citing her relationship with Mr Netanyahu.

Mr Netanyahu's blackmail accusation was assumed to be aimed at the camp of Mr David Levy, the former foreign minister. Mr Levy dismisses the allegations as

preposterous. His supporters say Bibi was angered that Mr Levy, in a tireless round of appearances at private events such as marriages, bar-mitzvas and circumcisions, had registered more party members for the leadership contest than Bibi. The outburst, they say, was an attempt to damage Mr Levy.

Both Mr Levy and the other main Likud candidate, the po-faced Mr Binyamin Begin, scorn Mr Netanyahu's Americanisation of Israeli politics, with his well-financed, highly-personalised public campaigning.

But Mr Netanyahu, educated at the Massachusetts Institute of Technology, is far from beaten. His approach to politics does appear to be in tune with modern Israel. He has several times been voted the country's most desirable man. Yesterday, a poll put him, at 34 per cent to 28 per cent, ahead of Prime Minister Yitzhak Rabin in public popularity and streets ahead of both Mr Begin and Mr Levy.

"I believe I will become prime minister. My self-confidence is untouched," Mr Netanyahu said in a newspaper interview.



Bibi Netanyahu: self-confidence untouched

Lloyd's chief promises sharp cost-cutting

By Richard Lapper

LLOYD'S OF LONDON is poised to launch a radical assault on its cost base, Mr Peter Middleton, chief executive, told a meeting of Names yesterday.

Mr Middleton said neither he nor Mr David Rowland, the chairman of Lloyd's, would be prepared to continue in their jobs if the cuts were not implemented by agencies and brokers.

He told a meeting organised by the Society of Names, which acts as a pressure group for loss-making Names: "The market must accept them or it will continue to slide. I

don't want to be connected with an enterprise that doesn't want to be the best."

Mr Middleton intends to produce a detailed business plan by the second half of April.

He said: "The changes are going to be very painful, but they are very necessary. Unless we implement them, we will have no basis on which to attract capital."

Failure to implement the changes would condemn Lloyd's to "mediocrity and growing irrelevance in the world of insurance. It is that serious."

Potentially far-reaching changes to the Lloyd's agency system - which

connects the market's individual traders or Names with their underwriting syndicates - are under consideration as part of the business plan.

In particular Mr Middleton will look carefully at the future of members' agencies, which deal directly with the affairs of Names.

"I think it would be better to centralise everything other than investment advice and recruitment of Names," said Mr Middleton.

He was bitterly critical of the way the market processes claims. "A flow-chart of the claims payments system resembled a combination of the New York subway, the London

Underground and the Paris Metro, with a map of the European railway network superimposed."

Lloyd's had managed to "make a very simple system terribly complicated", he said.

The market needed to revamp the way it collected and analysed data, added Mr Middleton. He said: "Some of the ways information is collected are 10 times more costly than need be."

Mr Middleton has already announced a cut in the budget of the corporation, which administers the market, from £145m to £117.9m. Mr Middleton intends to tell corporation staff how the cuts will be imple-

mented by the end of February. Lloyd's has welcomed a US court judgment in a multi-million dollar dispute involving pollution at a site operated by Shell Oil at the Rocky Mountain Arsenal in Denver, Colorado.

The California Court of Appeal ruled that liability for pollution at the site is excluded from the company's insurance policies, where Shell manufactured chemicals from 1952.

Underwriters at Lloyd's were among a number of insurers which provided liability coverage to Shell, which manufactured chemicals there from 1952.

Shell was obliged to clean up the site with the cost estimated at more than \$1bn (£500m). The London market's potential exposure is estimated at several hundred million dollars.

The case is one of dozens involving insurers, including Lloyd's and companies in the London market, and US policyholders.

Shell originally filed suit against its insurers in 1983, seeking to show that its insurance policies made insurers liable. In 1988 insurers won initial judgment in the San Francisco Court.

Lloyd's said: "This is a very welcome decision in important and extremely complex litigation."

Hoover's Glasgow plant saved

HOOVER'S production plant at Glasgow has been saved through a deal yesterday between the US consumer product company and the Amalgamated Engineering and Electrical Union, Robert Taylor writes.

The 1,000-strong workforce at the Camhustang plant has approved the agreement. An estimated 700 jobs will be created - 400 at Camhustang and the rest at Hoover's production facilities at Merthyr Tydfil, south Wales.

The agreement involves a 12-month pay freeze and radical changes in working practices, including the introduction of flexible and interchangeable skill working.

Hoover is expected to announce the closure of its French production plant at Dijon next week.

Editors to widen complaints body

NEWSPAPER editors yesterday signalled they were prepared to respond to criticism of the Press Complaints Commission by changing its composition to guarantee a majority of members from outside the industry.

A statement by the Newspaper Publishers Association said a meeting of 21 editors unanimously rejected the proposal in the Calcutt report on press freedom for statutory regulation. But they agreed that wider membership of the commission should be accompanied by changes to its code of practice to safeguard against seditious and bugging.

The editors agreed also to consider a proposal from some newspapers that appointments to the commission might be made by a body independent of the industry.

EC business law to be scrutinised

THE IMPACT of European Community law on business will come under government scrutiny aimed at minimising intrusion.

Mr Michael Heseltine, the trade and industry secretary, is to supervise the exercise which will have a steering group including two representatives from the private sector.

Nissan fears over football club plan

NISSAN, the car manufacturer, yesterday said it was concerned that Sunderland Football Club's plans for a new 48,000-seat stadium, shopping and leisure complex on land next to its car plant could create traffic congestion which would affect its strictly scheduled just-in-time component deliveries.

The club's proposed £120m complex on green-hill land beside Nissan's 750-acre Sunderland site includes parking for nearly 20,000 cars.

Underwriter dies of gun wound

MR ROY BROMLEY, 71, the former underwriter of Lloyd's syndicate 478, has been found dead of a shotgun wound at his home in London. Police are not treating the death as suspicious.

Mr Bromley's syndicate specialised in catastrophe reinsurance. Knightstone, the agency now managing the syndicate's affairs, recently estimated losses were at least £50m, double the syndicate's £25m capacity or capital base.

Student's Charter limit announced

THE Student's Charter will not establish minimum national standards for higher education but will largely be limited to setting out rights of students within their institutions, Mr Tim Boswell, higher education minister, said.

He added: "It would be wrong for us to try to dictate from the centre any kind of national service standards."

Reports into the future of the coal industry

Government view on closures supported

By David Lascelles, Resources Editor

THE thick set of reports which the Department of Trade and Industry issued yesterday will make depressing reading for the coal lobby.

The independent consultants hired by the DTI to illuminate the coal debate support in grim detail what the government has claimed all along: that British Coal's present size cannot be justified commercially, and that it will have to undergo deep cuts very quickly if it is to have any worthwhile future at all.

The only crumb of comfort is that a cost-cutting exercise might save a small number of pits currently listed for closure.

As the four reports make clear, British Coal is in a shrinking market where its costs are far above those of foreign competitors.

US mining engineers John T. Boyd Company, which examined the viability of British Coal's pits, commends the corporation for its 234 per cent increase in productivity over the last seven years, but points out that Australian and US coal miners are still three to five times more productive. Because British Coal can never hope to match overseas producers - partly for reasons beyond its control such as geology - its future is irrevocably linked to whatever it can secure of the UK market.

However Caminus Energy, which was asked to look at future demand for coal in the UK, expects it to fall from 95.3m tonnes in 1991-92 to 71m in 1997-98 at the most, possibly as little as 58.6m. The difference depends on the way energy prices move over the next few years. If they stay high British Coal will be able to hold on to more of the market, but if they weaken, it will lose out. Its main rival, Cami-

MAIN POINTS

John T. Boyd:

■ In the context of reduced market size, the general strategy and overall future for each pit announced in October appears reasonable.

■ Significant cost reductions, plus improved safety and productivity, could be achieved by the application of modern technology.

■ Important to address technological and structural problems as soon as possible to achieve cost benefits and a healthy, competitive industry.

■ Best performance is not a reliable measure of future potential as oil refineries in the list of 21 would need to achieve substantial improvements in productivity and operating cost.

Caminus Energy:

■ UK market for coal set to contract sharply over the next five years, primarily because of reduction in coal use for power generation in England and Wales as new gas-fired plants come into operation.

■ Gas prices would need to increase to about double the level of existing contracts in real terms for coal to become more economically attractive in new plant.

nus says, is natural gas which provides much cheaper power generating capacity than coal, and is environmentally friendlier.

Faced with this harsh reality, the question is how far British Coal can go in bringing down its costs, because the cheaper the coal it can produce, the greater the share of the market it will command.

The reports look at 21 of the 81 pits which British Coal wants to close - the other 10 were listed for immediate closure and are being examined separately.

John T. Boyd visited all the pits under review and came up with two possible scenarios. In

the first, it assumed that working practices are unchanged, but that new technology is introduced and labour reductions are accelerated - a continuation of present trends. In the second it assumed that work practices are improved to create more flexible shifts, and that mining regulations are changed to allow further cuts in manning levels.

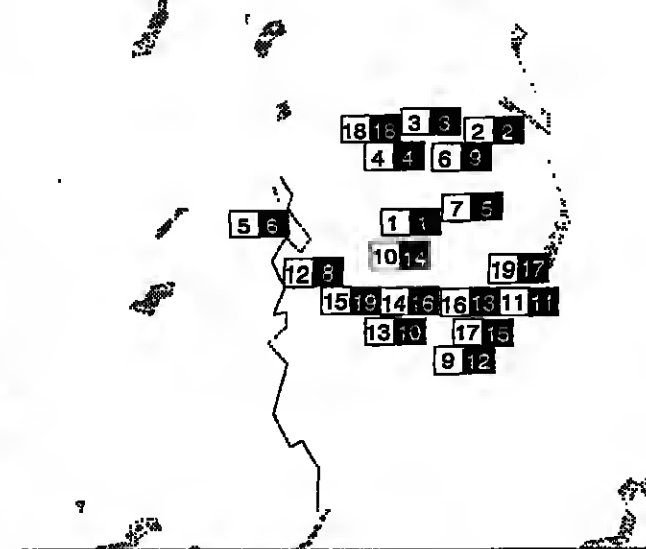
The differences are striking. By April 1996 British Coal could be producing 13m to 19m tonnes more coal annually in the second scenario, depending on the exact cost level. However it would have to bring its costs down substantially. UK coal is costed at £1.51 per gigajoule for the next set of contracts starting in April, against international prices of £0.90.

John T. Boyd assumes prices can be brought down to the £1.10 to £1.40 range.

The market prospects are assessed by Caminus which also looked at different scenarios. In the first, it assumed international fuel prices would be high with coal trading at £1.21 a gigajoule. In this case, sales would be 53.9m tonnes in 1997-98. In the second it priced coal at only £0.90 a gigajoule, and sales fell to 22.8m tonnes.

Although this showed, again, that British Coal will do better in a high-price market, both forecasts are well down on the 85.7m tonnes sold last year. However there is a ray of hope here for the miners because the 1997-98 figure includes 42.4m tonnes of coal for the power generators, well above the 30m which British Coal now expects to sell to them. But to achieve this extra 12.4m tonnes, ever-increasing - the cost savings and the international fuel price - would have to go to British Coal's way.

Although Caminus does not say what this would mean in terms of pits and jobs saved, the rule of thumb is 1,000 jobs and one pit for



Projected British coal sales		1991/2 1994 1995 1996 1997 1998						
High coal scenario (m tonnes)		1991/2	1994	1995	1996	1997	1998	
Power sector	73.0	34.9	41.2	43.6	40.9	42.4		
Non-power sector	11.3	10.6	10.7	10.7	10.7	10.6		
Exports	1.4	1.3	1.2	1.1	1.0	0.9		
TOTAL	85.7	46.8	53.1	55.4	52.6	53.9		
Assuming high international fuel prices and 9 gigajoules of combined cycle gas turbine in England & Wales 1997-98								
Low coal scenario (m tonnes)		1991/2	1994	1995	1996	1997	1998	
Power sector	73.0	10.7	13.6	11.7	16.0	16.3		
Non-power sector	11.3	9.1	7.7	6.6	6.3	6.0		
Exports	1.4	1.2	1.0	0.9	0.7	0.5		
TOTAL	85.7	21.0	22.3	19.2	23.0	22.8		
Assuming low international fuel prices and 12 gigajoules of combined cycle gas turbine capacity								

Source: Caminus Energy

every 1m tonnes.

All the reports go into how British Coal could cut its costs in some detail. John T. Boyd provides a string of recommendations, including giving the local colliery manager more autonomy, further introduction of new technology, and changes in existing work restrictions and statistics.

Ernst & Young, the accountancy firm, was asked to look at administrative overheads

which, it says, have not fallen in line with cuts at the workplace. It believes British Coal could save £23.6m to £107.1m a year by 1998-97 by cutting and simplifying the administrative system. But this would involve the loss of about 3,000 white-collar jobs. Ernst & Young recommended that a small corporate office be retained in central London, with other headquarter services relocated close to a col-

Pits under threat*

Economic ranking		Case 1†		Case 2‡	
	Projected margin £ per gigajoule		Projected margin £ per gigajoule		
1	Malby	0.21	1	Malby	0.41
2	Hatfield	0.15	2	Hatfield	0.35
3	Prince of Wales	0.10	3	Prince of Wales	0.27
4	Frickley	0.10	4	Frickley	0.27
5	Point of Ayr	0.04	5	Rossington	0.28
6	Bentley	—	6	Point of Ayr	0.18
7	Rossington	-0.02	7	Wearmouth	0.12
8	Wearmouth	-0.06	8	Silverdale	0.14
9	Celverton	-0.06	9	Bentley	0.11
10	Kiverton Park	-0.09	10	Shirebrook	0.08
11	Bilthorpe	-0.13	11	Bilthorpe	0.04
12	Silverdale	-0.11	12	Celverton	0.02
13	Shirebrook	-0.13	13	Cipstone	0.01
14	Markham	-0.15	14	Kiverton Park	-0.01
15	Bolsover	-0.23	15	Rufford	-0.03
16	Cipstone	-0.25	16	Markham	-0.05
17	Rufford	-0.28	17	Bevercotes	-0.19
18	Sharistown	-0.38	18	Sharistown	-0.23
19	Bevercotes	-0.42	19	Bolsover	-0.38
20	Westoe	-0.52	20	Westoe	-0.46
21	Easington	-0.55	21	Easington	-0.55

British coal costs and output (in April 1998)		Case 1†		Case 2‡	
Cost level £ per gigajoule	m tonnes				
1.10	15				
1.20	32				
1.30	41				
1.40	47				

* The list does not include 10 mines earmarked by British Coal for early closure

† Case 1 assumes present mining regulations, in force

‡ Case 2 assumes law changes to allow longer shifts and there are compulsory redundancies

MPs back Sunday shopping curbs

By David Owen

PRESSURE ON the government to speed up reform of Sunday trading laws in England and Wales intensified yesterday as MPs voted decisively to allow a private member's bill seeking tight restrictions on Sunday opening to progress to line-by-line committee stage scrutiny.

Mr Ray Powell's Shops (Amendment) Bill - backed by the Keep Sunday Special campaign - received its second Commons reading by a majority of 173 (214 votes to 41).

Supporters of the proposals later called on the government to accept their offer to consider constructive amendments to the bill in order to get a law on the statute book by this summer. But Mr Peter Lloyd, home office minister, told MPs the changes deemed necessary by the government were "more than can be managed" in a private member's bill committee.

He said he would be "disappointed" if the government's Sunday trading bill, offering MPs a choice between options ranging from full-scale deregulation to a tightening of existing laws, was not ready in the next few weeks. But he admitted he held out little hope of bringing such a bill before the House until autumn.

Mr Michael Schluter, director of the Keep Sunday Special campaign, said the campaign would continue to co-operate with those drafting the government's bill but reserved the right to ask its supporters to oppose the measure if it did not include "proper employee protection".

Audit regulation regime 'has improved standards'

By Andrew Jack

MORE THAN 90 per cent of auditors think the quality of their work has improved following the introduction of the new audit regulation regime, a survey showed yesterday. And more than a third say they have noticed considerable improvement.

Many accountants have had to make changes to their methods, systems, quality controls, staff training and administration in the past year, according to 176 practitioners questioned by Audit Briefing, a monthly newsletter published by Tolley, financial publishers.

Audit regulation was introduced by the 1989 Companies Act and became active in October 1991, with the launch of inspections by self-regulatory monitoring bodies.

The survey showed that substantial changes had been made in preparation for the regime, although only 11 per cent of those questioned had been visited by regulators.

A third believed more audit work was now required for particular types of client, especially for small and family

A CHARTERED accountant has been reprimanded and fined £2,000 for auditing a company without being properly appointed its auditor.

Mr Alan William Deighan of Ilford, Essex was also ordered to pay £1,200 in costs by the disciplinary committee of the Institute of Chartered Accountants in England and Wales.

In a separate appeal, Mr Leslie Neil Eriera of Barking, Essex, was stripped of membership of the Institute and ordered to pay £750 costs after being found guilty in the Crown Court last year of two offences of false accounting.

Mr John Fowler of Bishop Auckland, County Durham, was severely reprimanded and

businesses and other regulated clients. More than 90 per cent of firms had experienced an increase in chargeable hours required to audit the average client, and a corresponding increase in costs.

In view of the competitive market for audit services, more than half the firms absorbed at least part of the costs.

Nearly 90 per cent felt that

work required to comply with audit regulation was to some degree superfluous. But three quarters of those visited by the regulators felt their recommendations were reasonable, two thirds that they were of considerable use, and 16 per cent believed they were very useful.

Audit Briefing, Tolley House, 2 Addiscombe Rd, Croydon, Surrey, CR9 3AF, ES.

Jaguar plans £700m investment

By Kevin Done, Motor Industry Correspondent

JAGUAR, the UK luxury carmaker and a subsidiary of Ford of the US, said yesterday that it plans to invest about £700m during the next five years in the development of new models and the modernisation of its production plants.

The five-year business plan to 1997 includes:

● The development of replacement models for Jaguar's existing XJ6 saloon and XJS coupé and convertible ranges.

● The addition of smaller sports saloons to compete with models such as the BMW 5-Series, and

● The development of a range of V8 engines to be built at the Ford engine plant at Bridgend, south Wales.

The programme to develop a revamped XJ6 saloon, code-named X300, which is due to be launched in the autumn of next year, has already been approved by Ford, which acquired Jaguar in 1989.

Lautro reports low standards

By John Authors

A QUARTER of the companies inspected by Lautro, the life insurance industry's watchdog, in the year to June 1992 did not have procedures adequate to ensure that suitable advice was provided to clients.

Mr Kit Jebens, Lautro's chief executive, said: "I don't think standards are where we want to get to."

He added that the shortcomings of companies had often come from lack of understanding rather than deliberate neglect, but added that after five years of the self-regulatory regime "25 per cent is too high a failure rate."

The annual report of Lautro's monitoring committee also shows that complaints increased by 17 per cent from the previous 12 months, from 4,089 to 4,763. The number of "significant" complaints passed to Lautro members for action increased from 1,332 to 1,999, the report shows.

Lautro's findings are the result of its programme of 136 periodic inspection visits to members during the 12 months covered by the report. Most of

the companies inspected were life insurance companies because the regulator's main concern at present is with sales forces.

The total number of sales representatives registered by Lautro to give investment advice has declined in the past year from nearly 200,000 to about 170,000.

A new series of inspection visits will start next month, and continue for 30 months.

Mr Jebens said the figures pointed to a considerable improvement in standards in the industry, and added: "While it is impossible to guarantee that no salesperson or member will ever put a foot wrong again, we can say with some confidence that the probability is greatly reduced and that the quality of advice and client handling has improved very significantly."

He cited an independent report into one life company's client questionnaires as evidence. The report said that in mid-1988 75 per cent of these questionnaires had been inadequate to provide financial advice. By last year this had fallen to 20 per cent.

Lambeth council report alleges corruption of £10m

By Andrew Adonis

CORRUPTION and malpractice on an "unprecedented" scale have cost the south London borough of Lambeth upwards of £10m, according to a confidential report by Mr Herman Ouseley, the council's chief executive.

The report is a catalogue of work done without proper authority, unauthorised redundancy payments,

overcharging by the council's direct labour organisation and overcharging by former council employees brought in as sub-contractors by the organisation.

Some cases uncovered involve double charging. The most serious cases involve the borough's housing department.

The findings of Mr Ouseley's report may be investigated by the Serious Fraud Squad, whatever

action the council itself takes.

The report, debated by councillors at an emergency meeting last night, suggests that police be called in and recommends that an independent enquiry be established. It also raises the issue of disbanding the direct labour organisation and putting its services out to tender.

The allegations involve officials, council workers and contractors and go back more than 10 years.

Throughout most of the period in question Lambeth was under the control of a leftwing Labour administration.

Lambeth's finances have long been in a critical state. It has the highest poll tax in England - £425 after capping - and more than £157m outstanding in uncollected rents, poll tax, and rates.

Mr Steven Whaley, the council's Labour leader, called for a "no-holds-

barred" inquiry by a leading barrister, but conceded that the council had not been as "vigorous and vigilant" as it should have been.

Mr Keith Fitchett, Liberal Democrat leader, said the report reflected "a complete breakdown of management control in Lambeth, arising from the... debilitating relationship between the Labour party and local government unions."

Hoover's Glasgow plant saved

His ruggedness of character

Mr Gavin Laird, general secretary of the Amalgamated Engineering and Electrical Union, who is a member of the

Bank's court of board of directors, said: "Eddie would never make TV personality of the year. But he has a quiet sense of humour and he's interested in people."

Like Mr John Major, the man who chose him for the new job at the pinnacle of the British establishment, the 54-year-old Mr George had a far from privileged background.

Like the prime minister, Mr George grew up in an unfashionable south-west London suburb. His childhood home was in Carshalton, Surrey, not far from the Beddington Sewage Treatment Works. His father Alan was a postman.

The young Eddie attended Hackbridge primary school. At the age of 11 he gained a scholarship to the much swankier

Dulwich College, one of Britain's best-known public schools. From this point until he left in April 1967 to do two years' national service, Eddie's fees were paid for by Surrey County Council.

After national service in the army - during which he learned Russian, a language in which he is still fluent - Mr George studied economics at

Emmanuel College Cambridge. From there he went straight to the Bank, starting out in the economics department. He gained international experience during a three-year stint at the Bank for International Settlements in Basle in the late 1960s, before being promoted to the post of assistant director in charge of markets in 1980. He was appointed deputy govern-

Mr Major, who worked closely with Mr George during his spell as chancellor before becoming prime minister, eddies the new governor's grasp of the mood of financial markets and of the complexities of City regulation.

Mr George, however, will be disappointed by Mr Major's refusal to contemplate granting the Bank independence.

For his part Mr George has been impressed by Mr Major's careful and detailed approach to policy-making. After dealing with him at the Treasury, he told friends that Mr Major was the "clearest-thinking politician I have ever met."

Customers show no signs of leaving BA

Lord King, British Airways chairman (foreground), and Sir Colin Marshall, the chief executive, aboard a long-haul BA flight.

US flying public unperturbed

Transport officials defend BR sell-off plan

Anglo-Irish talks resume next month

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Europe's hairshirt

ON THURSDAY this week, Mr Theo Waigel, finance minister of Europe's most powerful country, went as a supplicant to Frankfurt. His purpose was to plead with the high priests of monetary stability in their temple. There, he offered his "solidarity pact" and begged in return for lower interest rates. But the priests of monetary stability respond to such questions as cryptically as those who once served at Delphi. The millions who also want what Mr Waigel sought can only wait and pray.

Mr Hans Tietmeyer, the Bundesbank's vice-president, has insisted that the Bundesbank will cut interest rates to the extent it thinks this justifiable. Who can doubt him? The Bundesbank is powerful, but it is not arbitrary. The question is when it will believe further interest rate cuts are justified. Will this be as soon as they then go as far as the German government hopes, not to mention the French, the Irish, the Danish and all the rest?

The questions are urgent, notwithstanding the insistence of European finance ministers at their meeting this week that the crisis in the ERM is past. Immediate pressure for realignment of the currencies that have been most under pressure - the Irish punt, the Danish krona and the French franc - did dwindle, as the D-Mark weakened against the dollar. But ministers are declaring the battle over too soon.

They are over-optimistic because they forget the ever gloomier prospects for EC economic growth. Only this week the European Commission cut its forecast for EC economic growth from 1992 to 1993 to 0.8 per cent. Notwithstanding this reduction in the forecast, which is not likely to be the last, Mr Henning Christopherson, the commissioner in charge of economics, insisted that recent speculation against the ERM had been unwarranted. He was wrong. It is the EC's poor growth prospects which makes the speculation not merely warranted, but inevitable.

Inevitable

The UK has been expected to be among the better performing EC economies this year. So indeed it should be. But none of the news released this week shows it will be. Seasonally adjusted unemployment was up 61,000 in the month to December 1992; manufacturing output was down 1/4 per cent in the three months to November as against the previous three months; and seasonally adjusted retail sales fell in December. Fortunately, since what is now known as White Wednesday, the government is no longer nailed to the Bundesbank's cross. Lower interest rates are inevitable. The

government should bow to that reality sooner rather than later. Meanwhile, the EC's so-called fast lane countries are going into reverse. Even the French economy, the most virtuous of all, is widely forecast to achieve little growth this year. Unless the Bundesbank lowers interest rates not only soon, which seems possible, but by at least 2 percentage points, which seems much less likely, France may experience a fifth successive year of sub-potential economic growth in 1994.

Uncomfortable

French inflation is down to a 36-year annual low of 2 per cent. If policy persists, it could fall below zero, but unemployment would also continue to rise. Fortunately for the French government, both the actual one and the one likely to be in office after the general election, 72 per cent of the French people appears to favour the *franc fort* policy. That would seem to make continued wearing of the monetary hair shirt conceivable, however uncomfortable.

It is Germany, battling with the aftermath of unification, that is the source of Europe's problems. The German economic ministry now forecasts that the west German economy will shrink 1 per cent this year. It is almost certainly too optimistic, largely because Bundesbank economists do not share the government's concerns.

The answer to all the government's problems is supposed to be the solidarity pact, whose fiscal component has been offered by Mr Waigel on the Bundesbank's altar. Yet economists at the DIW in Berlin argued only this week that the pact would fail to pull the east German economy out of recession. They must be right, when engineering workers are expecting, like lemmings, to rush over the cliff of a 25 per cent wage increase this March.

That Germany is so far failing to cope with the huge challenge of unification is obvious. What is not so obvious is why most of the rest of the EC thinks it wise to be overwhelmed too. Unification is, it turns out, precisely the kind of real economic shock that requires substantial changes in real exchange rates. Since the EC refused - and, for the most part, continues to refuse - to make these changes through the nominal exchange rate, it has had to accept inflation in Germany and deflation everywhere else instead.

Germany may yet make a big success of unification. Most of the EC may yet move smoothly to economic and monetary union. Neither now looks very likely. The EC is paying a high price for its attachment to exchange rate rigidity.

It has been a long time coming. For years, on and off, successive Conservative governments have been talking about the possibility of privatising British Rail. Yesterday, at last, the bill that will make this possible appeared. But just what does railway privatisation mean?

The passenger could be forgiven for being confused. The government white paper, *New Opportunities for the Railways*, that came out last July was subtitled *The Privatisation of British Rail*. But as we entered the new year, the prime minister described the process as "semi-privatisation" and Mr John MacGregor, the transport secretary, followed up by developing a predilection for the word "commercialisation". Ministers denied gleeful Labour accusations of a U-turn: but amid the complexity of the government's proposals, it is not surprising that the public's understanding of what is really going to happen to its railways is at a low ebb.

One thing that is plain about the privatisation of BR is that it will be like no other Britain has yet seen. Previous privatisations have typically involved the disposal of industries and utilities to the private sector through trade sales or stock market flotations. But this never looked feasible with BR. Loss-making on a big scale - last year it lost nearly £1bn - it would have been impossible to value, still less to sell. Who would have wanted to buy it?

Having wrestled with a number of options for breaking up BR into smaller units, the government still kept coming up against the same problem. Whichever way you split the railway, there was no getting rid of the losses - not, at least, without big cuts in services, large fare rises, or both. So, instead, it switched tack and looked at ways of involving the private sector through the contracting out of train operations, just as if they were hospital cleaning or rubbish collection services.

And that, in essence, is what this privatisation amounts to. True, BR's freight operations are to be sold off - the government sees no reason to protect loss-making freight, and the profit-making operations can fend for themselves. But that is all that is going to be sold.

So far as the rest of British Rail is concerned, it is to be split into two. One part, to be named Railtrack, will retain the tracks and infrastructure, and start charging for their use. The other will continue to operate the passenger trains, but these services will gradually be contracted out to the private sector on the basis of which company is prepared to pay the highest price for the franchise - or rather, since the majority of services are unprofitable, on the basis of which company requires the smallest subsidy.

There is just one more wrinkle. Obsessed with the idea of maximising competition, and embittered by the experience of privatisations such as British Gas, where competition has been slow to emerge, the government is also requiring open access to the tracks. In other words, any company wanting to introduce a new freight or passenger service in competition with existing ones will theoretically be able to do so - though this is unlikely to take place on any widespread scale, given the shortage of vacant slots on BR's busiest routes.

Put in these terms, privatisation may not sound such a troubling prospect. And yet the government's plans have been attacked from almost every quarter - by politi-

The privatisation of British Rail poses unique problems and is fraught with difficulty, writes Richard Tomkins

We're in for a bumpy ride



clans, consumer groups, trade unions, professional institutions, the public transport lobby and the very companies the government is hoping will participate.

Roughly speaking, the criticisms fall into two main categories. Those in the first category say that the government's plans just will not work. So do those in the second category; but they go on to suggest that, even if the plans do work, the result will be to passengers' disadvantage.

The criticisms in the first category have been better rehearsed than those in the second. To take a few examples:

● The government's insistence on open access will kill off private-sector interest in franchising because franchisees' most profitable services will be vulnerable to attack by cherry-picking marauders.

● Dividing the responsibility for track and trains makes no sense because it will leave too high a proportion of the train operator's costs under the control of state-owned Railtrack, which will have no incentive to act efficiently.

● The government's insistence that Railtrack must make a positive return on its assets will result in its imposing track charges so high as to price traffic off the railways and on to the roads.

● The complex bureaucracy involved in the relationship between the government, the rail

regulator, the franchising authority, Railtrack, the BR residuary body, the Health and Safety Commission and the private-sector train operators will prove impossibly unwieldy.

The first two of these have already been answered, at least in part. Earlier this week the government made a significant concession by acknowledging that it would have to deny open access in some franchise areas to persuade the private sector to get involved. It also

Passengers appear to have genuine grounds for concern about the government's plans, which may result in fare increases

said it was prepared to franchise the tracks as well as the trains on some routes.

Criticisms of the track-charging regime are more difficult to answer because the government has yet to publish its proposals for track charges. As for the bureaucracy, well, that is just one of the unfortunate side-effects of trying to combine a competitive railway with a safe and reliable one, and it remains to be seen how offputting it proves in practice.

But never mind the danger that

by BR, at least initially. Even so, some rural services could come under scrutiny. Take, for example, the line from Inverness to Wick in the far north of Scotland - a 161-mile railway carrying only three trains daily each way. With Railtrack charging the whole of the costs of operating the line to such a small amount of traffic, the subsidies required by the franchisee to run the service would be enormous. That would call into question the case for keeping the service going.

But perhaps the biggest potential hazard from the passenger's point of view is the threat of fare increases. Superficially, this should not be an issue: the government has said that, on subsidised services (the large majority), maximum fare levels will be pegged by the franchising authority when awarding the franchises, and on the few profit-making services - mainly InterCity - tough competition from cars, coaches and aircraft should keep fares down. But again, it is the loss of the so-called network benefits that poses the greatest threat.

By way of illustration, imagine a return trip from Southend-on-Sea in Essex to Glasgow. At present, the traveller can go to Southend station and book a discounted "saver" return ticket for the complete journey for £76. But after privatisation, when the London Tilbury & Southend line and the London-Glasgow line are operated by different franchisees, the traveller's cheapest option is likely to be the purchase of two separate tickets: a discounted return from Southend to London and a discounted return from London to Glasgow. At today's fare levels, that would cost £14.80 for the Southend-London leg and £69 for the London-Glasgow leg, totalling £83.80 - about 10 per cent more than the price of a through ticket.

The government's response to this sort of criticism is that it has guaranteed the preservation of through ticketing. And so it has: but it has not guaranteed the preservation of discounted through ticketing, nor has it guaranteed the validity between franchisees of other discount schemes such as the senior citizen's railcard. Since 80 per cent of all tickets sold on BR are discounted in one way or another, the possible consequences for average fare levels could be far-reaching.

Given the scale of the potential pitfalls, it is tempting to ask why the government should bother to take on a privatisation as troublesome as that of British Rail. After all, it can't be for the money: the proceeds will be next to nothing. And it will do nothing to advance the cause of popular capitalism, since no shares are being sold.

Then again, consider the alternative: doing nothing. It is highly unlikely that the government will ever have enough money to provide railway passengers with the investment levels they would like. And even if it could, the railway would continue to be run by a management which seems incapable of delivering a standard of service that the public finds acceptable.

At the end of the day, it all comes down to the government's claim that every privatisation so far has brought substantial benefits to the consumer. To an extent, one would have to acknowledge that to be true. But then again, the privatisation of BR is not like any other. It may yet prove an uncomfortable ride for the government and passengers alike.

MAN IN THE NEWS: Thomas 'Mack' McLarty

Ultimate old school chum

There are not many people who can say of the 42nd president of the United States, as Mack McLarty did on Thursday morning: "In many ways, Bill Clinton is the same person he was in kindergarten." Nor be quick enough to realise that he should not give the impression that the Oval Office is now inhabited by a five-year-old. "That's not to suggest he hasn't matured and grown wiser," was his next sentence.

Washington this week was filled to the rafters with FOEs (friends of Bill), all members of the extraordinary number of overlapping networks the Clintons have maintained over the years. But Thomas F McLarty, known as Mack, is the only BOF (Bill's oldest friend). Both 46, they go all the way back to Miss Mary's kindergarten in Hope, Arkansas. Now William J Clinton, still called Bill, has turned to Mack to help him in Washington as the White House chief of staff.

There is, potentially, no more sensitive job in the capital. Exactly how it is performed depends on the wishes and needs of the president, and each has had his different requirements. But even a breezy look at recent history shows how much the chief of staff can make or break a president.

Probably the most successful in the past 20 years was James Baker in Ronald Reagan's first term who ran a tight but not leak-proof ship. Above all, he protected his president from situations in which he might be caught off-guard.

Another Baker, Howard, the former senator from Tennessee, also did well as a damage control operator when Mr Reagan's final years turned sour. Dick Cheney, later a congressman from Wyoming and the just-departed defence secretary,

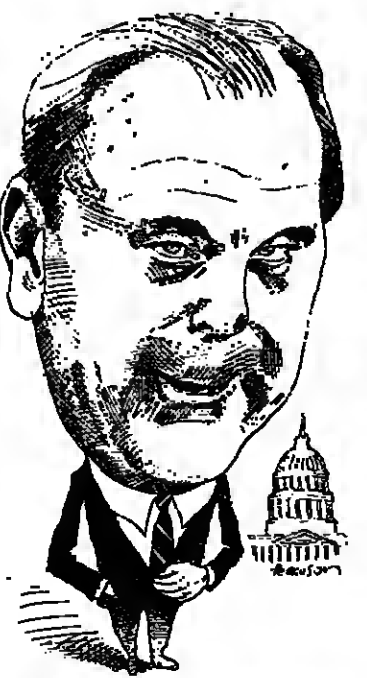
was a great help to President Gerald Ford in a difficult period.

Better remembered are the failures: H R Haldeman, who pandered to all Richard Nixon's darker instincts and paid for it with a prison term; Hamilton Jordan, whose contempt for the Washington establishment did no favours to an outsider president, Jimmy Carter; and two of President Bush's chiefs of staff, John Sununu, fiercely ideological and personally abrasive, and Sam Skinner, who never realised until too late that his boss was in deep political doo-doo.

His friendship with his president apart, McLarty comes to Washington probably the least known of the new Clinton team. The son of a successful car dealer and University of Arkansas graduate, he embarked on a political career early and, at 23, became the youngest ever state assemblyman. But his father's failing health brought him to the family firm, where he did well enough developing its leasing business that, still only 30, he was elected to the board of Arkla, the natural gas utility. Seven years later he was its president, replacing Sheffield Nelson, who was to become Mr Clinton's arch political rival, and two years on his chairman and CEO.

He inherited a company in crisis, afflicted by declining oil prices, mild winters, and expensive long-term pipeline contracts. By the mid-80s Arkla's debt far exceeded its net worth. By 1989, its stock price had dropped 70 per cent and its credit rating was dubious. It is still not out of the woods even after an extensive disposal of assets, and McLarty's chairmanship is not without its critics.

One acquisition, of a Houston natural gas company which may still be liable for the debts of a local



savings and loan it owned before being taken over, leaves Arkla with a potentially high and still disputed charge. But McLarty gets general credit in the industry for keeping it afloat, and it was still in the charts as the 47th-largest utility in the most recent 1991 rankings of service companies by the Fortune 500.

But his record as a businessman is not why he was the first person named by Mr Clinton to a Washington job. The explanation lies in Arkansas, which, to repeat the ultimate cliché, really is a small state where everybody who is anybody knows everybody else. Though out of elective state politics for more than 20 years, the chairman of one of its biggest companies is a de facto intimate of every politician, not least its governor. Sometimes this has presented problems for McLarty, as in 1990 when he remained conspicuously neutral in the governor's race between Clinton and Sheffield Nelson. But this never harmed his rela-

tionship with the Clintons. He was a discreet intimate throughout last year's campaign and a big fundraiser.

All the Arkansas references are glowing, from friend and foe alike, though he seems to have few enemies. He is universally described as methodical, intelligent and, above all, gracious. His television performances in the new limelight this week certainly showed his quiet charm. They also disclosed a canny skill at saying nothing in the nicest possible manner.

He has talked a little, however, about his role as chief of staff. He does not see himself as a gatekeeper or high profile operator, which means he may have been seen more on TV in the first two days of this administration than in the next two years.

The key, as he told the Washington Post recently, is: "I really believe that Bill and I are not going to have any trouble talking straight to each other. We've done that for years and it flows very smoothly. He wants it. That was one of the real elements he felt was needed."

Mrs Clinton is getting an office in the political west wing of the White House rather than the social east wing, and will be a power in developing healthcare policy. McLarty's view is: "Hillary's a good friend, too, someone I really greatly admire." He even discreetly allowed that there were some differences between the approaches of the president and his influential wife. "The linear style of thinking [reaching a decision and pushing ahead with the next item on the agenda] might be more Hillary's style and my style."

So Mack McLarty begins his capital odyssey with a clean sheet and the complete trust of the man who is president, but as a relative innocent in a city with many more snakes than ladders - one of which Zoe Baird failed to climb this week. He also has a fear of flying, but, there is much to do without leaving the ground in Washington.

Jurek Martin

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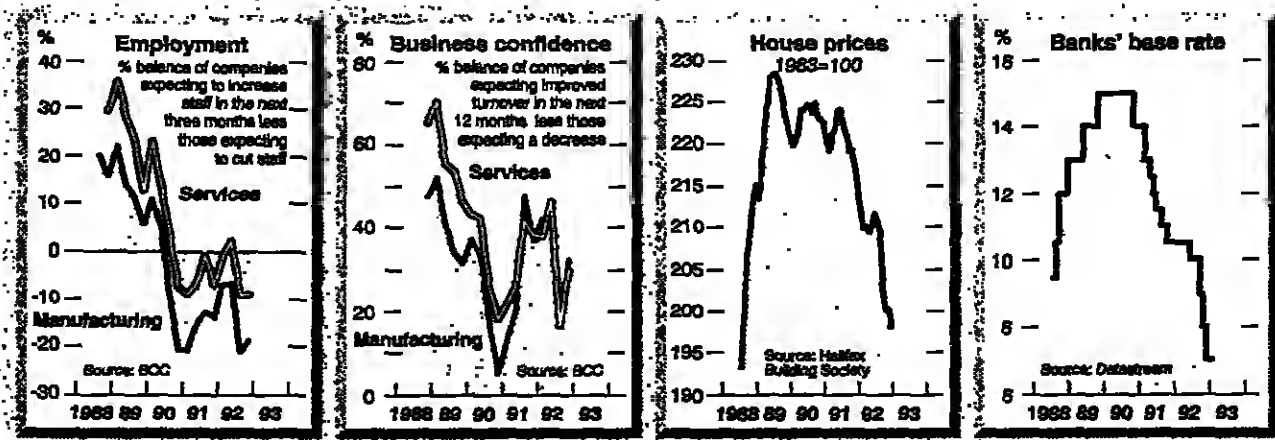
I am retired/plan to retire in _____ months

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The good, the bad, the uncertain

Hopes of recovery in the UK economy have given way to a familiar picture of mixed economic indicators, says Peter Norman

UK economy: conflicting signals



Britain's chancellor of the exchequer has a way with words. Last Sunday, Mr Norman Lamont popped up on television to announce that there were "many encouraging signs" of improvement in the UK economy.

By yesterday - after news of falling retail sales in December, declining industrial output in November and the sharp jump in unemployment to just under 3m - it was beginning to look as if accident-prone Mr Lamont had fallen back into the trap of seeing green shoots of recovery where none exists.

The truth is, as ever, more complicated. To set against this week's gloomy data, the Treasury could point to strong car sales in December, robust growth in recent months of cash and bank notes in circulation, and a rebound in business confidence since sterling's departure from the European exchange rate mechanism on Black Wednesday.

Whitehall also took comfort from reports of increased house sales in December, although house prices as measured by the Halifax and Nationwide building societies continued to fall last month. Not all mortgage lenders have yet benefited from the sharp 3 percentage point fall in bank base rates to 7 per cent since September because some building societies, which adjust their mortgage rates annually, have still to respond to the cut in the cost of borrowing. This could mean that a further stimulus to demand is in the pipeline, holding out the prospect of some future growth.

But no amount of accentuation

the positive could alter the fact that the strong hopes of a turnaround - symbolised by the rush of shoppers to the sales immediately after Christmas - had given way to the familiar pattern of mixed and usually depressing signals that has characterised the UK economy for the past two years.

Economic recoveries are typically patchy. That this applies within sectors as well as across the economy was highlighted by Tuesday's distributive trades survey from the Confederation of British Industry, which found that large retailers did well in December while smaller companies employing fewer than 100 did poorly.

But Britain's recession has been so long and so severe that special factors may be making recent trends particularly difficult to interpret.

Many economists have been puzzled about the recent strength of demand for big ticket items such as cars or durable household goods at a time of depressed demand for consumer credit, generally weaker consumer confidence and rising unemployment.

One explanation is that people in work have been avoiding new borrowing commitments after the trauma caused by high interest rates in the late 1980s and using their savings to buy carefully selected bargains at a discount.

But Mr Leo Doyle, UK economist at Kleinwort Benson, the City investment bank, suggests that some of the newly unem-

employed may also be helping to support this spending. His theory is that they are using redundancy payments and running down savings with a view to obtaining means-tested benefits such as the monthly mortgage interest payments.

The Department of Social Security has rules to prevent such behaviour. But that does not mean the practice does not take place. Furthermore, some large purchases such as the replacement of a company car with a new family car would conform with DSS rules.

There are also doubts about

how much reliance to place on business confidence indicators. Over the past month, surveys from the Institute of Directors, Dun & Bradstreet and the British Chambers of Commerce have pointed to a recovery in business confidence in the final quarter of last year. Sterling's devaluation and the interest rate cuts have gone some way to offsetting the gloom felt by business during the September currency crisis.

But it is a moot point how far such increases in confidence reflect improved business conditions. Confidence

surveys ask about the future, looking ahead a quarter in the case of Dun & Bradstreet and 12 months in the case of the chambers of commerce.

According to Mr Neil Johnson, director-general of the Engineering Employers Federation, businessmen may be anticipating "when they respond to surveys. 'People want to think the recovery is here,' he says. 'Many members are receptive to the idea that we may have the fundamentals in place to come out of recession. But they are not yet seeing recovery in terms of

orders or cheques in the post.' If true, such indicators are clearly a fragile base for hopes of recovery, which is one reason why December's sharply higher unemployment caused such concern.

The official government figures came immediately after the ERM. With Britain set to stay outside the ERM for at least a year, some of the government's advisers in the Bank of England and the Treasury may be inclined to cast envious eyes across the Atlantic at the US experience, where sharply lower interest rates appear to

have triggered a recovery without sparking inflation. Advocates of lower UK interest rates argue that there is little risk of activating the traditional spiral of rising costs and wages because higher unemployment is exerting downward pressure on pay. According to UBS Phillips & Drew, the City investment house, pay settlements in the UK are currently averaging 3.25 per cent.

On the other hand, the Bank will be advising the government that Britain cannot risk pushing short-term rates down to US-type levels of about 3 per cent for fear of causing a sharp fall in sterling which would boost inflation through higher imported goods' prices.

There is a growing mood in the City that 5 per cent base rates are needed to boost the economy. But any speculation about an early and substantial cut in rates would seem to be premature.

The government may want to wait for another month's economic data. The Bank of England's first quarterly assessment of UK inflationary pressures, which is due to be published next month, and the budget itself.

Before this week's bad news, Mr Lamont insisted that he had only limited room for manoeuvre if the government was to keep within its target range for underlying inflation of 1 to 4 per cent during the life of this parliament. Having made much of his dogged struggle to bring inflation down from nearly 11 per cent, it is unlikely that the week's developments will have persuaded him to change his mind.

The Central Statistical Office does not publish a National Generosity Guide. There is therefore no league table of philanthropy in which to measure this week's donation by David Sainsbury of £200m-worth of shares to the Gatsby Charitable Foundation.

Not all donations like the Sainsbury shares become public knowledge through their declaration to the Stock Exchange or publication in trust accounts. Some beneficiaries adhere strictly to the biblical injunction to avoid announcing their good deeds with a flourish of trumpets.

By all standards, however, the Sainsbury £200m is breathtaking for a single donation: it is at least four or five times the annual income from all sources of many large household name charities, such as the Imperial Cancer Research Fund, the Royal National Institute for the Blind and the Spastics Society.

The figure is £11.5m more than the combined expenditure on fund-raising of Britain's 400 highest charities during 1991. It eclipses the amounts raised by the most high-profile national broadcast appeals - in 1991 the most successful, the BBC's Children in Need campaign, produced £26.8m.

It even cuts down to size the £32m given by financier George Soros in December to aid organisa-

tions in Bosnia-Herzegovina, believed to be the largest single donation by an individual to a humanitarian cause, and derived from the money he made from currency speculation.

Charitable activity by successful business figures, of course, is not new. Most Victorian industrial cities have libraries, universities, art galleries, housing or hospitals that originated from the contributions of local industrialists.

Philanthropy was closer to the ground in those days, when industrialists lived in the towns and cities they endowed and had their factories there. One of the present difficulties with efforts to generate business support for deprived urban areas is that most companies now have their head offices in London, and senior directors do not have the same strong links with provincial communities as they did a century ago.

But the spirit of philanthropic employers like Joseph Rowntree continues in charitable trusts bearing their names today, while the establishment of trusts by more recent business figures continues. Gatsby is one of several Sainsbury

family charitable trusts. It was set up by David Sainsbury in 1967 and, even before his injection of the £200m worth of shares this week, had become one of Britain's largest grant-making trusts. It supports health and social welfare projects, technical education, industrial and economic programmes, scientific research and development of the third world.

Support by British companies remains modest in relation to the charity sector's £16bn total annual income. Last year, 48 companies gave more than £1m each in cash or in kind to charity. Far more of it was in kind - staff secondments, free use of office space and equipment - than in cash, with only 22 companies making financial donations of £1m or more.

This is no indication of how much individual directors give out of their own pockets. The government's Gift Aid scheme provides tax advantages on one-off donations in excess of £400, and the average individual gift is just over £2,000.

There are, however, much bigger gifts than this awaiting collection by charities, if they know how to

solicit them. Since Oxford University launched its Campaign for Oxford to strengthen its finances in 1986, it has raised £237m of its £340m target. Although the £237m contains income from sources such as research funds, it also includes 24 donations to the campaign of more than £1m each.

The university does not simply telephone wealthy people and ask if

they can spare £1m. Researchers work carefully on the business background of potential donors and offer arrangements of mutual interest to their companies and the university - the going rate for the permanent endowment of a professorship is £17m.

As well as providing an example of carefully planned and targeted fund-raising, Oxford's campaign

also highlights the issues at the heart of an increasingly anxious debate about the proper function of charity.

Some donors were apprehensive about the campaign, because they believed it implied acceptance of the view that universities need not be adequately supported from public funds. Charity managers are even more apprehensive, as universities, trust hospitals and other public sector institutions increasingly compete with them for limited funds.

Envious outsiders say the Oxford campaign has been helped by the university's ancient, establishment image - corporate donors frequently shy away from unpopular or controversial causes.

A survey by the Charities Aid Foundation, one of the main sources of information on the voluntary sector, shows that educational charities do best from corporate donors - receiving 35 per cent of total cash donations - followed by medicine and health. Civil rights organisations do least well, coming below animal welfare to pick up only 0.08 per cent of corporate financial support - a total

of just £24,000 last year.

There are, however, some interesting attempts to redress the balance. In 1985 J Paul Getty II, the millionaire US citizen who lives in Britain, set up a trust with £20m, as one of his many charitable activities. The policy of the J Paul Getty Charitable Trust is to support unpopular causes that would otherwise have difficulty finding finance. Drug and alcohol projects, the mentally ill and handicapped, ex-offenders and AIDS victims have been among the beneficiaries.

"The trust funds so many interesting things that objectives to describe them become a bit redundant," enthuses the Directory of Social Change, the voluntary sector specialist publisher. In its Guide to the Major Trusts, published this week.

"The new thoughts about prisons give more opportunities to encourage imaginative schemes," says the Getty trust in its annual report. "Hard-pressed estates with high unemployment and poverty can be revolutionised by dedicated people... There is also concern about the number of very young women having babies without support."

A trust such as Getty's, at a time when public-sector support for voluntary organisation working in such fields is being cut, shows that there are true contemporary successors to the Victorian philanthropists.

Alan Pike looks at the successors to the Victorian philanthropists

Charity begins in the boardroom



Sainsbury: a breathtaking single donation of £200m

TOP UK FUND-RAISING CHARITIES	
Name	Voluntary income total 1991 (£m)
National Trust	63.0
Comic Relief	51.5
Royal National Lifeboat Institution	46.6
Imperial Cancer Research Fund	44.1
Cancer Research Campaign	40.2
Save the Children Fund	38.7
Salvation Army	35.2
British Red Cross Soc	32.8
Help the Aged	31.6
Barnados	31.5

Source: Charities Aid Foundation

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Welcome criticism of leases that cause pain and expense

From Mr Peter Cormack.
Sir, The Bank of England's criticism of the structure of English commercial leases is more than welcome, but indeed some decades too late ("Commercial lease provisions criticised by Bank", January 21).

Upward only rent reviews, and the legal jargon in which lengthy leases are couched, have proved to be a blank cheque for both agents and solicitors for many years past, while rents are reviewed and

argued and lease addenda are prepared, both nearly always at the expense and pain of the tenant.

Surely the time has come for England to learn very quickly from its younger overseas cousins where commercial leases consist of a four-page preprinted form (blank spaces to be filled in) written in readily understandable plain layman's English. Commercial leases can be for any agreed period but usually three years,

with renewals thereafter at agreed market rentals for whatever extension period is agreed between the landlord and tenant. UK developers, landlords, agents and solicitors have had it too good for too long milking the business community. The time is ripe for commercial property tenants to say "enough is enough".

Peter Cormack,
Cleary Court,
Church Street East,
Woking, Surrey

Maternity leave that makes sense

From Ms Christine Goodridge.
Sir, The National Audit Office report published this week (Errors found in sick-pay scheme, January 20) showed the problems employers are having with a complicated scheme. Almost one in three of the cases of statutory maternity pay examined was inaccurate.

Unfortunately, it is going to get more complicated. The Trade Union Reform and Employment Rights Bill introduces 14 weeks maternity leave for all women.

Add this to the existing right to return to work up to 29 weeks after childbirth, 18 weeks pay, six weeks at 90 per cent of income for women full filling the service requirement and 18 weeks at a flat rate for the rest, and you can begin to see how excessively complex it is likely to become.

A far better fit with existing provision would be achieved by granting all women 18, not 14, weeks leave. Before you shout "It'll cost too much", just think about it.

There would be no additional recruitment or training costs if you already have a temporary replacement. Women will be returning when they and their babies are fitter. Contractual rights would be extended for the additional four weeks, but good employers are doing this anyway.

The Maternity Alliance will be working hard as the Bill goes through parliament to convince employers and the organisations representing them that 18 weeks maternity leave makes sense for mothers, babies and employers.

Would you like to help?

Christine Goodridge,
director,
The Maternity Alliance,
15 Britannia Street,
London WC1X 9JP

Lunch for a fiver feeds southern 'skimps'

From Mr Peter Newman.
Sir, The FT Lunch for a Fiver is a great idea.

If lunch was "only for wimps" in the 1980s - then lunch in the 1990s must be only for skimps! However, I do believe that there are deeper social implications to be drawn from the scheme than simply a creative way of filling empty covers after the Christmas "festivities".

Why are more than 90 per cent of the restaurants in the 071 and 081 telephone areas? Has the great north/south bar-

rier fallen to such an extent that we now need to subsidise our starving brothers in the south?

Or is it simply a case that restaurants in the provinces have been slow to catch on to a good idea? In which case... southern entrepreneurs are still alive and kicking!

Before angry restaurateurs write in claiming to be "on the ball", I should point out that it is usually possible to obtain a fiver in most parts of Britain, but... come on lads, free

publicity is worth something! I feel that this important social issue needs to be addressed. In the meantime, I shall sweep the crumbs off my desk, having had a working lunch costing £2.50, and get on with the business! Gordon Geckko, where are you now?

Peter Newman,
managing director,
Adven,
Whitehall,
School Lane,
Hartford,
Nr Northwich,
Cheshire CW8 1PF

Casualties of gambling must not be ignored

From Mr Sirguy Sanger.
Sir, David Spanier, in his article "Britain joins in a game once deemed a sin" (January 9), omits the central point about expanding the availability of gambling. It is, that the more people who gamble, the more casualties occur from this activity. There is unquestioned evidence that the incidence of compulsive gambling is directly related to states and provinces where it is introduced. That a government would promote such an activ-

ity is no different from a government promoting the drinking of alcohol or the smoking of cigarettes.

Furthermore, it has also been shown that the people who wage are the ones most vulnerable - single males on the fringe of society, minorities, late adolescents and young adults. And, still further, that gambling is a form of regressive taxation on this group.

It is not responsible journalism for you to have omitted reference to the many epidemi-

ological and sociological studies found in the Journal of Gambling Behavior. It goes without saying that any government which fosters such "risky" activity without generous provision for researching the human damage and offering treatment, is not a government of the people.

Sirguy Sanger,
president and chairman,
National Council on Problem Gambling,
69 East 99th Street,
New York,
NY 10023 US

Kitchen scales tip to France

Jeremy Cooper has envisaged spending Christmas plucking turkeys in his father's butcher shop in Huddersfield, Yorkshire. Instead, he flew to Paris to represent Britain in the 26th Prix Culinaire Pierre Taltinger, one of the world's most prestigious culinary contests.

At age 24, Cooper, is chef sous-chef of the meat section, at London's Inter-Continental Hotel. For four years he worked at Claridge's under executive chef, Marjan Lesnik, who won the Prix Taltinger in 1981 but was disqualified because of an unauthorised use of parsley leaves as garnish.

This year he is one of the 18 international judges.

The Prix Taltinger is the culinary world's equivalent of the Tchaikovsky Piano Competition in Moscow.

Although there are similar competitions held around the world, this one attracts the most international interest, with almost 500 entrants this year from America, Germany, Spain, Italy, Belgium, Holland, Britain, Japan, Switzerland, and of course, France. It also offers a rare insight into the highly conservative world of French gastronomy.

Most of those fortunate enough to eat both in and outside France would agree that France's long-held domination of the culinary world is seriously under threat. Today, talented and inspired chefs are to be found all over the world.

French chefs, however, have dominated the competition. Indeed the Prix Taltinger has only been won twice by chefs from outside France - in 1964 by a Japanese and in 1985 by an Indonesian working at the Hilton, Amsterdam.

A strong flavour of French culinary conservatism was evident in the British semi-finals when the eight contestants had to prepare a classic 19th century dish, *quenelles* of pike with a sauce *amorcine*. This dish was well known when rivers were flush with pike and lobsters for the sauce were cheap (the sauce was created in 1860); but today it rarely appears on menus. That may

have been one reason that the British favourite, Bruno Lombet, a highly innovative chef from the Inn on the Park, finished behind Jeremy Cooper.

Cooper arrived in Paris with three words - *gibier n'poil* (furred game) - ringing in his ears. Two weeks earlier this, and nothing else, had been divulged as the subject of the four-hour finals.

At 7.30pm on the night before the cook-off the 12 contestants, of whom three were French, and 16 members of the jury met for cocktails. At the party, the chairman of the judges produced four envelopes and asked Cooper, as the youngest, to pick one. To his and his competitors' consternation he chose the envelope marked "hare" (the other three were rabbit, wild boar and venison). All the chefs were concerned because hare is a particularly difficult animal to cook well even if time is unlimited. Unlike other game, hare is not hung but requires marinating to soften the flavours; the chefs had to skin the animal, too. The most anxious was Japan's Minoru Sonehara who had never seen a hare before.

Over dinner the chefs were given a list of rather prosaic ingredients: carrots, red cabbage and cauliflower - nothing as exotic as a wild mushroom or a small truffle. At 11pm it was up to bed where, with their telephones unplugged, the chefs spent the night racking their brains for inspiration and sleep.

The next morning, they took a short coach trip to the nearby Ecole Supérieure de Cuisine Française, where the cooking would take place. The chefs then drew numbers for the sequence in which they would cook and at 7.20 met their commis chefs, their short-term personal assistants. The commis were students who spoke little English, another

two garnishes and sauce alongside. Finally, 16 mouths began to open and close.

Inside the kitchen the international character of the contest was obvious. The Spanish chef made a tortilla to enclose his garnish while the extremely calm German produced very classy potato cakes and cabbage dumplings. The Italian, despite a bandaged finger, made ravioli of hare mousse wrapped in cabbage while the Japanese opened a box of wonderful high-tech knives, suitable for sushi, and cooked with chopsticks, too. The Dutch chef made a hare sausage and entrained the French judges with a Japanese machine for making "vegetable spaghetti".

But all this was in vain because of the anachronistic finale to the competition. This stipulated that the chefs' creations must be presented on a huge silver tray, an accessory no longer used in good restaurants. Today, chefs prefer to serve their dishes on a plate designed by themselves.

The winning dish certainly filled the tray. Scattered "saddle of hare Potarski" and based on a recipe that was a great favourite with Tsar Nicholas I, it resembled a chess board with pyramid tops of cabbage and "castles" made of red cabbage filled with a hare mousse. It was too pretty - food to admire, not to eat.

But it impressed the judges. And on a podium filled with some of France's top culinary luminaries (Pierre Troisgros, Emile Jung, Michel Guéroux and Jacques Lameloise) Joel Robuchon, president of the jury, announced the winner - France's Michel Izard, who recently became chef *des cuisines* at the Dodo Bouffant restaurant in Paris. His compatriot, Eric Briffard, was second, and Spain's Jose Arriero Barrio, third.

The experience of being in such company will have done a modest, talented young Yorkshireman nothing but good. Whether French gastronomy will ever benefit from such international gatherings is, however, another matter.



Game cook: Jeremy Cooper, Britain's representative

big advantage for the French competitors.

The competition began at 7.30, which seemed designed to benefit the judges rather than the chefs. To enable them to taste in sequence each chef started to cook at 15 minute intervals and the poor Dutch entrant, who drew number 12, had to sit glumly until 10.15 before he could get to his stove.

Two top professional chefs and two professors of the culinary arts supervised the cooking. In theory, they could deduct points but rather than being quick to criticise they were inclined to help and encourage.

The tasting judges each had a maximum of 50 points in two categories - presentation and taste. From 11.30, and at 15 minute intervals, they were presented with a silver tray, borne by student waiters and waitresses stood to silence, and placed in the middle of the room for the judges to appreciate its design. The tray was then passed to the foreman of the jury who cut two slices of meat per judge and placed the

Texas Instruments posts gains in sales and income

"We believe we will generate more than half of our semiconductor revenues from this class of products well ahead of our original end-of-the-decade timetable," in the defence sector revenues were \$2bn, an increase of almost 3 per cent.

TI has been taking aggressive steps to adapt to a smaller defence market, Mr Jenkins said. However, the sector grew in 1992 when the company received more than \$500m in orders for equipment to replace systems used in the Iraq war, is the company's information technology sector, software revenues grew rapidly last year.

TI said that it would increase capital expenditures to \$625m from \$429m in 1992 as it was anticipating strong growth in the semiconductor market this year. Research and development spending would be increased.

to its creditors last year, after sustaining heavy losses in its portfolio of investments. The group owns nearly 34 per cent of Baltica, a rival Danish company, and 14.6 per cent of Skandia.

Mr Steen Parsbolt, Hafnia executive in charge of selling off the company's activities, told Reuters there had been great bidder interest in taking over the insurer.

Hafnia's UK life insurance operation, the Kendal-based Prolific, was sold late last year to Scottish Provident, the mutual life insurer.

● Transamerica Corporation, the large San Francisco-based insurance and financial services conglomerate and Sedgwick, the London-based insurance broker, are to pump £12m (\$18.24m) into their jointly-owned London market insurance subsidiary, River Thames Insurance.

The cash injection, which is in proportion to the two companies' equity holdings, increases the net worth of River Thames to £26m.

Transamerica and Sedgwick respectively own 51 per cent and 49 per cent of the group.

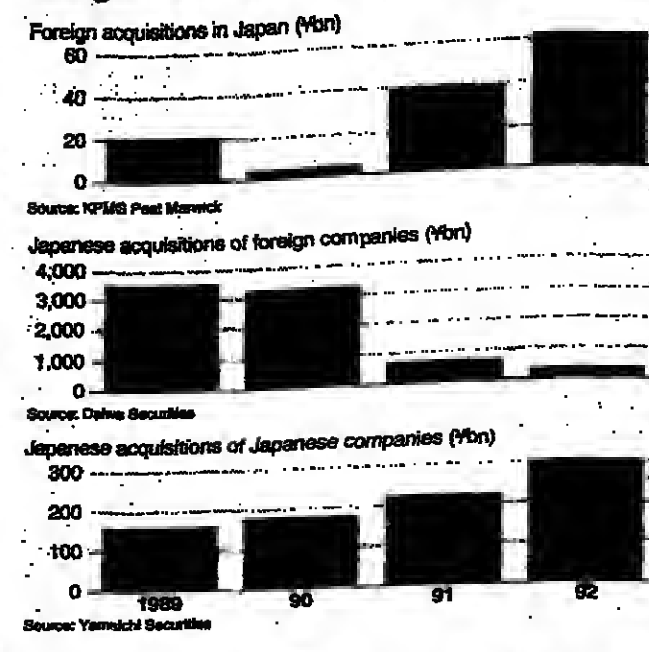
River Thames will adjust its strategy to focus on the focus more tightly on specialist and treaty reinsurance business.

Pre-tax losses at River Thames amounted to £9.5m in 1992 and £3.6m in 1991, with underwriting losses jumping to £16.4m from £10m.

Premium income increased to £90.7m in 1992 from £85.4m in 1991.

Robert Thomson in Tokyo looks at the larger deals that have intensified M&A activity

Mergers and acquisitions in Japan



for a 29 per cent stake in Isetan, the department store chain, owned by Shuwa, the troubled developer. Having bought stakes in six retail groups during the late 1980s, Shuwa is conducting a fire-sale to relieve a crippling debt burden estimated at ¥1,000bn.

"When people talk about the Japanese in the late 1980s, this is not really what they had in mind," an official at a Japanese brokerage said. Instead of expansion abroad, the state of acquisitions on the negotiating table is an important part of the restructuring of Japanese industry.

The challenge for US and European executives waiting to take advantage of this restructuring is to find a company that fits but not fatally wounded through speculation in stocks or property during the late 1980s. Ailing Japanese companies offered to US and European companies had to be turned down for its natural domestic market. Others were maligned, scented danger.

Rai Domasharu Yonezawa, director of Recof International, said the ripest opportunities are in the chemicals, pharmaceuticals, food and computer software industries, but foreign executives must be willing to make a quick decision to take advantage of the environment.

"These cuts in cases have been more than a year, but for domestic transactions three or four months is a normal time frame. Foreign companies have to speed up the decision process," he said.

The Telegraph's industrial relations experience in the UK to deal with long-standing labour problems at its loss making Vancouver subsidiary which runs the city's two leading newspapers.

Such co-operation would mirror the pattern set in Mr Black's other international interests.

The 200-plus small US newspapers owned by Hollinger relied heavily on The Daily Telegraph for coverage of the Gulf war in 1991.

The North American edition of the Jerusalem Post, which is also controlled by Mr Black, is printed by a Hollinger subsidiary in New Jersey.

Hollinger recently completed a deal to buy 22.6 per cent of Southam, which publishes 18 daily papers and has interests in business information ser-

ENTE Nazionale Idrocarburi, the Italian state energy group, has put Agip Coal, its coal production subsidiary, up for sale. Mr Franco Bernabè, the ENI managing director, said yesterday, AP-DJ reports from Milan.

Agip Coal, with a turnover of L550bn (3369m) in 1992, has mining operations in the US, Australia and continental Europe.

The Italian government is moving towards privatisation of ENI and has announced it intends to sell Nuovo Fiume, the mechanical engineering subsidiary.

Earlier this month, the government asked ENI to draft a proposal for a stock market listing of its Agip and Snam of gas and gas subsidiaries by the end of March.

Chicago

SOYABEANS 5,000 bu min, cents/60lb bushel

	Close	Previous	High/Low
Mar	5611/2	563/2	564/0 560/0
May	564/0	567/0	567/6 563/6
Jul	569/2	561/2	568/2 565/2
Sep	581/0	582/6	593/4 580/0
Aug	589/8	591/6	593/6 586/6
Nov	606/0	617/0	596/6 594/0
Dec	632/2	636/0	605/0 601/6
Mar	810/0	811/0	0 0

SOYABEAN OIL 50,000 lbs; cents/lb

	Close	Previous	High/Low
Mar	21.46	21.58	21.67 21.39
May	21.69	21.81	21.89 21.63
Jul	21.67	22.90	22.68 21.83
Aug	21.92	21.94	22.00 21.83

SOYABEAN MEAL 100 tons: \$/ton				
	Close	Previous	High/Low	
Mar	183.6	184.1	184.1	182.8
Apr	183.6	183.8	184.0	183.9
May	184.0	185.2	185.5	184.5
Aug	185.1	185.7	185.7	185.3
Sep	186.1	185.4	186.5	186.1
Oct	187.2	187.4	187.5	187.0
Nov	187.5	188.1	188.1	187.5
Dec	188.0	188.5	0	0
MAIZE 5,000 bu min; cents/50 bushel				
	Close	Previous	High/Low	
Mar	218/4	218/4	218/6	218/0
Apr	228/4	228/4	228/6	228/0
May	232/2	232/2	232/4	232/6
Jun	238/4	240/0	240/0	239/0
Sep	244/4	245/8	249/2	245/2
Oct	252/2	249/0	252/0	252/0
Nov	257/2	257/4	257/0	257/0
Dec	259/0	249/0	259/0	259/0
WHEAT 5,000 bu min; cents/50 bushel				
	Close	Previous	High/Low	
Mar	307/4	308/2	309/2	306/6
Apr	359/2	359/2	361/6	359/6
May	329/4	329/2	335/0	330/4
Jun	336/4	340/0	337/0	335/4
Dec	344/0	340/0	340/0	340/0
Mar	349/0	338/4	0	0
LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	70.850	72.425	72.875	72.200
Apr	70.775	71.950	72.800	71.800
May	72.275	73.150	73.450	73.075
Jun	71.625	71.900	72.800	71.450
Aug	72.715	72.500	74.000	72.250
Oct	72.700	72.500	72.700	72.500
Feb	71.950	72.450	72.675	72.200
LIVE HOGS 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	43.850	43.300	43.900	43.350
Apr	43.500	43.300	43.825	43.325
May	44.000	43.825	44.175	43.900
Jun	47.675	46.450	47.675	46.000
Aug	45.850	45.425	46.150	45.000
Oct	41.875	41.475	41.875	41.500
Dec	42.000	41.800	42.000	41.850
Feb	42.825	42.800	42.825	42.825

• a tonne unless otherwise stated. p-pence
c-cents/lb. r-ringgit/kg. y-Mar/Apr u-Feb
Aug-w-Dec/Jan. z-Jan/Mar. ♥London phys
Cf Rotterdam. ♣ Bullion market closes. m-
ayslan cents/kg. ♠ Sheep prices are now
weight prices * change from a week ago, p
sional prices

both spot Europe and Indonesian supplies. Vaino sticks were offered at \$2,250 a tonne, spot, \$2,160, afloat and \$2,000 cfr, shipment. Kb broken/cleaned opot was unavailable but afloat was quoted at \$1,450 a tonne and shipment at \$1,350 cfr. Seychelles cinnamon was offered at \$1,175 a tonne cfr.

	Close	Previous	High/Low
Feb	105.0	103.6	104.9
Mar	105.0	104.4	105.5
Apr	105.5	104.4	106.9
May	105.5	104.4	105.0

Turnover: 23 (4) lots of 3,250 kg

	41	81	9	22
Brent Crude	Mar	Apr	Mar	Apr
1700	50		15	30
1750	25	55	35	54
1800	9	31	70	

May	18.07	18.07	18.14	19.00
Jun	19.21	19.20	19.27	19.15
Jul	19.31	19.29	19.34	19.24
Aug	19.37	19.38	19.44	19.34
Sep	19.43	19.42	19.48	19.40
Oct	19.47	19.47	19.51	19.46
Nov	19.45	19.48	19.52	19.47
Dec	19.50	19.48	19.52	19.44

	Jan.22	Jan.21	mnth ago	yr ago
	1705.3	1708.7	-	1992.8
DOW JONES (Base: Dec. 31 1974 = 100)				
	Jan.21	Jan.20	mnth ago	yr ago
Spot	124.23	124.05	121.22	115.07

	Close	Previous	High/Low	
Feb	36.400	36.575	37.450	36.300
Mar	36.600	36.650	37.600	36.700
May	37.950	38.000	38.450	37.700
Jul	38.575	36.375	38.400	38.125

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling under more pressure

STERLING continued to perform weakly against the D-Mark yesterday, falling as low as DM2.4370, following the release of poor economic data in the UK this week, writes James Blyth.

The pound came under strong pressure in the morning as dealers speculated on the possibility of the Bank of England cutting base rates in the wake of Thursday's very poor unemployment figure for December.

The currency recovered up to DM2.45 in the early afternoon, but later fell back to close in London at DM2.44, 1 1/2 pence down on the day. It closed more than 1 1/2 cents higher against the dollar, at \$1.5345.

There were disturbing indications yesterday that the pound could go down to DM2.40, with many dealers seeing as the next important support level.

One of the leading banking

counterparties in the London market said that it had seen almost no interest in buying the pound from UK corporates on Thursday, and that there was barely any improvement yesterday.

Mr Neil MacKinnon, chief economist at Citibank in London, is among those who believe that the mood of the market towards sterling has changed significantly.

He says that sterling could see DM2.37 within a month, but that it will rise up to the DM2.45 level afterwards. In his view, the January money supply figures, due out on February 3, will be crucial to the decision on whether to cut rates.

A meeting of the "seven men" who advise the UK Treasury, on February 9th, will also be important. "They will come out in favour of a cut in base rates," he said.

However, Mr Steven Hannah, head of research at IBI International in London, said that

the money markets were now virtually discounting a full percentage point of base rates before the March budget, and that the UK authorities could ease policy without depressing the pound any further. "The only thing that might put pressure on the currency is if the rate cut comes too soon," he said.

The dollar also suffered a new bout of weakness against the D-Mark yesterday, dropping below the DM1.60 level against the D-Mark for the first time this year. It closed at DM1.59 in London, down 2 1/2 pence on the day.

The dollar's fall came on the back of a mixed set of economic data. A strong 5.5 per cent rise in December housing starts raised hopes for good GDP growth in the fourth quarter. However, jobless claims rose 17,000 in the week to January 9, fueling concerns that employment and incomes were growing too slowly.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

Contract	Settlement	Open	High	Low	Close
3M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50
6M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50
12M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50

Contract	Settlement	Open	High	Low	Close
3M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50
6M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50
12M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50

Contract	Settlement	Open	High	Low	Close
3M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50
6M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50
12M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50

Contract	Settlement	Open	High	Low	Close
3M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50
6M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50
12M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50

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6M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50
12M US\$ LIBOR	92.50	92.50	92.50	92.50	92.50

Contract	Settlement	Open	High	Low	Close
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LONDON STOCK EXCHANGE

Shares firm but below the day's best

By Terry Byland,
UK Stock Market Editor

REKINDLED hopes for an early cut in UK interest rates continued to flourish in the London stock market yesterday but shares lost heart towards the close as government bonds shaded lower.

At the high point of the day, the FT-SE 100 index came within six points of regaining the 2,800 mark. By the close, however, the gain had been cut to 7.9 for a final reading of 2,781.2. The final hour of trading saw sharp reversals in some share prices on what some analysts regarded as uncertain investment grounds.

The underlying tone of the stock market remained relatively confident, underpinned

Account Dealing Dates		
Period	Start Date	End Date
Jan 14	Jan 14	Jan 14
Jan 15	Jan 15	Jan 15
Jan 16	Jan 16	Jan 16
Jan 17	Jan 17	Jan 17
Jan 18	Jan 18	Jan 18
Jan 19	Jan 19	Jan 19
Jan 20	Jan 20	Jan 20
Jan 21	Jan 21	Jan 21
Jan 22	Jan 22	Jan 22
Jan 23	Jan 23	Jan 23
Jan 24	Jan 24	Jan 24
Jan 25	Jan 25	Jan 25
Jan 26	Jan 26	Jan 26
Jan 27	Jan 27	Jan 27
Jan 28	Jan 28	Jan 28
Jan 29	Jan 29	Jan 29
Jan 30	Jan 30	Jan 30
Jan 31	Jan 31	Jan 31

by good turnover volume. A return of investor attention towards the second line issues was reflected in a gain of 9.8 on the FT-SE Mid 250 Index for a close of 2,909.0.

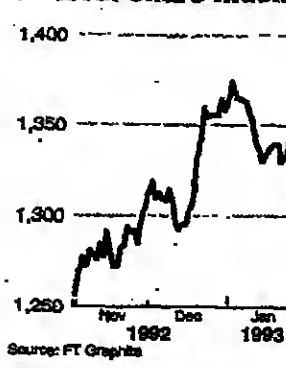
Retail, or customer, interest in equities has remained high this week. Thursday's retail business touched recent daily average highs at a total of £1.49bn. The week has seen share prices moving nervously against a troubled background

of Middle East hostilities and domestic economic uncertainties.

The stock market turned higher at the end of the day as the announcement that UK unemployment had risen to nearly 3m, together with doubts on Christmas retail sales and falling industrial output, alarmed the City and inspired hopes that base rates may be cut in the near future, rather than in the March budget.

Share price gains on Thursday and yesterday have left the FT-SE 100 16.1 points up on the week. Equity strategists were in two minds yesterday. A cut in base rates would be good for equities and also strengthen hopes for an economic revival.

FT-A All-Share Index



But an early reduction would smack of economic desperation, as well as stirring up trouble in terms of inflation, as well as for the impending fund-

ing in government bonds.

UK gilts were down by about one quarter of a point throughout yesterday's session, with trading fairly subdued as traders weighed the outlook for sterling as it extended the loss of the previous session.

Sharelink, the execution-only broker which claims the lion's share of UK private investor business, said yesterday that its clients had remained buyers of UK equities this week, as they have been since December.

Store and retail issues remained subdued yesterday as sector strategists assessed the implications of this week's news on Christmas sales. Banks conventionally immediate beneficiaries from interest rate cuts, moved ahead.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume	Change	Day's High	Day's Low	Open	Close	High	Low
ASDA Group	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Retail	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Food	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Home	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Leisure	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Travel	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Services	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Finance	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Insurance	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Media	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Telecom	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Utilities	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Real Estate	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Healthcare	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Education	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Entertainment	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Sports	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Arts	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Science	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Technology	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Environment	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Energy	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Transport	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Infrastructure	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Construction	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Manufacturing	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Distribution	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Wholesale	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Retail	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Services	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Finance	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Insurance	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Media	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Telecom	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Utilities	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Real Estate	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Healthcare	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Education	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Entertainment	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Sports	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Arts	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Science	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Technology	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Environment	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Energy	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Transport	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Infrastructure	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Construction	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Manufacturing	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Distribution	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Wholesale	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Retail	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Services	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Finance	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Insurance	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Media	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Telecom	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Utilities	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Real Estate	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Healthcare	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Education	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Entertainment	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Sports	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Arts	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Science	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Technology	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Environment	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Energy	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Transport	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Infrastructure	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Construction	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Manufacturing	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Distribution	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Wholesale	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Retail	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Services	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Finance	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Insurance	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Media	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Telecom	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Utilities	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Real Estate	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Healthcare	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Education	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
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ASDA Environment	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Energy	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Transport	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Infrastructure	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Construction	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Manufacturing	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Distribution	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Wholesale	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Retail	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Services	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Finance	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Insurance	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Media	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Telecom	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Utilities	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Real Estate	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Healthcare	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Education	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Entertainment	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Sports	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Arts	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Science	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Technology	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Environment	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Energy	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Transport	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Infrastructure	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Construction	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Manufacturing	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15
ASDA Distribution	2,200	+0.5	2.20	2.15	2.18	2.20	2.20	2.15

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* Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2101

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● Current Unifund Trust prices are available from FT Cityline. For further details call (071) 925 2128.

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Energy Risk	1.22	+0.02
Fuel Sources	0.46	-0.01
Fieldwork	0.78	+0.02
Petroleum Refining	1.35	+0.03
Crude Oil	2.15	+0.02
Gulf Australia	1.90	+0.02
Goodman Fielder	1.63	
Hartill & Co.	2.23	+0.03
Highlands Gold	0.74	
ICI Aust.		-0.13
Jerrams	0.09	
Kilison Gold	1.44	+0.01
Mitroff	0.40	-0.04
NLFM	2.32	+0.01
Mayne Medical	6.30	+0.05
Minproc	0.08	

S'pore Air Freight	4.78	+0.02
Singapore Press	7.5d	0.05
Stratford Trading	3.02	
Telco Bank	3.12	
UOB	6.85	+0.05

Price date supplied by Telex.

NOTES - Prices on this page are as quoted on the individual exchanges unless otherwise stated. All prices are uncommitted, % denotes volume traded. Ex dividend, ex G&P scrip issue, ex rights, ex call, etc.

* Some Foreign Exchange rates incorrect.

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AMERICA

US stocks ahead despite economic data

Wall Street

US STOCK markets struggled to stay in positive territory yesterday in the face of computer program selling and some bad news on the jobs market, writes Patrick Harrison in New York.

At 1 p.m., the Dow Jones Industrial Average was up 7.57 at 3,380.50. The more broadly based Standard & Poor's 500 was up 1.30 at 436.70, while the Amex composite was 0.43 higher at 406.01. The Nasdaq composite remained in sparkling form, rising 2.14 to 702.91, another new record high. Trading volume on the NYSE was 166m shares by 1 p.m.

EUROPE

Frankfurt takes support from Lufthansa

SENIOR bourses were stronger yesterday, writes our markets staff.

FRANKFURT saw gains in the pre-bourse accelerate throughout the session on good overseas interest. The DAX index closed 13.97 higher at 1,587.64, a gain of 2.8 per cent on the week. Turnover was DM5.7bn after DM5.2bn.

Some analysts believe that, while the prospect of a cut in interest rates continues to lift sentiment, hopes that the government's solidarity pact will gain the agreement of employers and trade unions is currently supporting the market. Individual features included Lufthansa, up DM6.60 or 6 per cent at DM110.00, on reports that it will show good earnings results next week.

Deutsche Babcock rose DM5.80 to DM159.80, after announcing that it was to resume dividend payments of DM3 after a two year suspension and pay the same amount retrospectively for 1991 and 1990.

Elsewhere good performances were seen by Siemens, up DM7.00 at DM604.80, and Daimler, DM11.50 higher at DM76.50.

PARIS was positive on the last day of the account with the CAC-40 index finishing 6.34 higher at 1,330.42 for a 0.4 per cent gain on the week. Turnover was good at FF3.1bn.

ASIA PACIFIC

Nikkei retreats amid worries on outlook

Tokyo

SHARE PRICES lost ground in small-lot selling by investment trusts, and the Nikkei average closed below the psychologically important 16,500 level for the first time since November 17 last year, writes Emiko Terazono in Tokyo.

The 225-stock index closed down 201.87 at 16,336.91, a 1 per cent decline on the week. The index rose to the day's high of 16,540.88 in the morning session and fell to a low of 16,333.81 before the close at anxiety about a possible collapse in share prices next month.

Volume fell to 180m shares from 193m. Declines led advances by 656 to 216 with 203 issues remaining unchanged. The Topix index of all first section stocks fell 7.96 to 1,256.70, and in London the ISE/Nikkei 50 index rose 0.10 to 1,026.62.

Caution has been mounting among market participants regarding a "February crash" due to liquidation of specified money trusts by corporations ahead of March book closing.

The day's economic news, the first meaningful statistics for some time, was mixed. On the negative side, jobless claims rose 17,000 in the first full week of January; a higher than expected increase.

It was the second big jump in claims in consecutive weeks, and an indication that the economic recovery is not feeding through into the still depressed labour market.

On a brighter note, however, December housing starts rose 5.5 per cent, surprising analysts who had forecast a much smaller rise. It was the largest monthly increase in housing starts in more than a year, and contributed to the market's early gains. Prices soon fell

BRAZILIAN equities rose strongly to show a 7.5 per cent gain in the Bovespa index at mid-session as investors reacted to the approval earlier this week by the lower house of tax and port legislation. The index was up 6,489 at 92,345.

back, partly under pressure from mid-morning sell programs.

The political background was gloomy. The news that President Bill Clinton's choice for attorney general had been forced to withdraw her nomination meant that the new president's term had got off to a rocky start.

Among individual stocks, steel companies were in strong demand on the news of industry wide steel price rises. LTV was the most active stock, rising \$8 to \$11 in volume of 5m shares, followed by Bethlehem Steel, up \$1 at \$16, Inland Steel, up \$1 at \$24, USX, up \$1 at \$36, and General Steel, \$1 firmer at \$13.

Motor stocks continued to post solid gains on active buying. Chrysler, the star performer of the sector in recent months, jumped another \$1 to \$39. Ford added \$1 at \$47 and General Motors added \$1 to \$37.

Ralston Purina climbed \$3 to \$44 after the company reported fiscal first quarter

operating income of \$1.26 a share, up from \$1.14 a share a year earlier. Investors were also cheered by the news that the company plans to spin-off its Continental Baking unit.

On the Nasdaq market, Software Publishing jumped \$3 to \$124 in volume of 2m shares after the company reported quarterly profits well in excess of market forecasts.

CANADA

TORONTO was steady at mid-session with the TSE 300 composite index 2.72 higher at 3,278.47 and the metals and minerals sub-index up 37.22 at 2,780.53. Volume was estimated at 26m shares at 1 p.m.

weekly decline of 1.5 per cent. Asea's B-share rose SKR1 to SKR383 on news of a large contract from Swedish railways.

Among banking stocks, Handelsbanken A-shares climbed SKR2.50 to SKR54.50 supported by hopes of a maintained dividend. In contrast, S-E-Banken's A-share was unchanged at SKR14 after news of a wide-spread group overhaul.

BRUSSELS closed higher in busy trade which took the Bel-20 index 7.91 higher at 1,172.32, for a weekly rise of 2.4 per cent.

Belgium's biggest retailer, GIB, was the most active share following recommendations from London brokers. It advanced BF724 to BF7294 on very high volume of 186,800 shares.

MADRID took little encouragement from a cut in domestic interest rates and the general index lost 1.19 to 3,321.3, down 1.5 per cent on the week. Banco Santander, whose results on Thursday disappointed the market, shed Ptas235 to Ptas4,640.

VIENNA, held up against expectations in the wake of news of a 1992 operating loss dividend cut at OMV. The ATX index eased 1.43 to 338.34.

OMV shares slid \$1.50 to \$29.50 after the company said it expected to post a 1992 loss of \$300m and that the dividend would be cut.

De Beers gives JSE a buoyant start to 1993

But economic hopes are muted, says Philip Gawith

Just as the collapse last August in De Beers' share price was an important factor in driving down the Johannesburg Stock Exchange, so its recent recovery has helped get the market off to a buoyant start in 1993.

The overall index has risen by about 4 per cent in the first three weeks, having closed 1992 down 5.3 per cent on the year. The index closed yesterday up 22 at 3,404.

Much of this year's rise can be attributed to De Beers, which accounts for some 10 per cent of total volume and 5 per cent of market capitalisation.

The shares have risen by 16 per cent since the start of the year, closing yesterday at R85.25, after finishing 1992 at R57.50. This improvement is mainly attributable to better than expected rough diamond sales by the Central Selling Organisation during 1992, and indications that the problem of excess supply from Angola and Russia has eased.

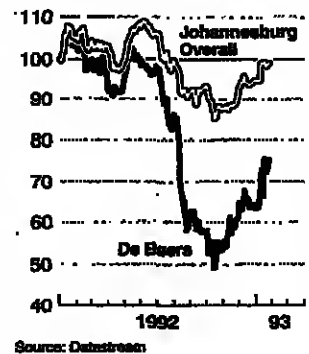
The industrial index has also started the year strongly, up 4 per cent, after a 4.6 per cent gain to the whole of 1992, which followed a strong 39 per cent rise the previous year.

Mr Richard Jesse, an analyst at brokers Martin & Co partly attributes this good start to the, by now, "tedious litany" of the market's scrip shortage.

Nevertheless, most observers believe that 1993 will be a better year on the JSE than 1992. To some extent, this view is supported by improved political and economic fundamentals. While the speed of political negotiation is rather slow all those involved are aware that the country cannot afford a repeat of the damaging political hiatus which followed the failure of the Codesa 2 talks in May and the Boipatong massacre in June.

Economic expectations, however, are muted: the weather pattern in recent weeks has led to renewed fears that the El Nino phenomenon, associated with the severe drought of 1991-92, has reappeared. Last year, for instance, the drought shaved nearly 2 percentage points off GDP growth.

Index and share price rebased



Source: Datastream

growth improves. The earnings prospects of industrial companies remains gloomy. Most companies that have reported recently have predicted a drop in profits and there is little expectation of improved corporate profits before 1994.

In spite of these rather pale fundamentals, Mr Jesse is predicting a restering of the market. He believes that the Financial and Industrial index, currently on a price/earnings ratio of 14.9 times, down from a peak of some 15.5 in 1992, could rise to more than 16 this year.

He gives two main reasons for this forecast, apart from the improved political prospects. First, the absence of alternatives: property returns are expected to fall in 1993, while money market rates which are in line with inflation, and likely to fall with interest rates, are hardly attractive.

Capital markets are also a difficult route because, while the probable short-term decline in inflation, which currently stands at about 11 per cent, is positive, this is counterbalanced by concerns about the size of the government's budget deficit and prospects of a relaxation in fiscal policy under an interim government. Second, Mr Jesse argues that

South African fund managers will be increasing the equity portion of their portfolios; many of them are underweight, holding less than 60 per cent in equities when the limit is as much as 75 per cent. One unattractive area which could receive some of these institutional funds is gold shares which have been sharply downrated over the past three years as the gold index declined from a peak of 2,250 to current levels of about 800, with a 30 per cent fall in 1992 alone.

Mr Mike Wuth, mining analyst at brokers Rice Rinaldi says that this correction has largely removed the speculative angle from gold. Now, he says, gold has to offer decent returns and compete more directly with industrial shares. However few analysts hold out much hope for a higher gold price in the short term and a weakening rand is only likely to offer limited benefit.

But one way that profits can be improved is through further cost cutting measures and the December gold quarterly results of mining houses confirm the impressive progress that has been made in this direction. With the dividend yield of the gold index having risen to 6.6 per cent from 3.4 per cent three years ago, gold shares are now offering better value than for a number of years.

Mr Wuth forecasts that foreign investors are more likely to be buyers of good shares than local institutions. Many of the latter, he argues, are historically overweight in gold and so are looking for opportunities to lighten their holdings.

Overseas institutions, of course, will be wary of the vagaries of the financial rand investment unit, which started 1992 at a discount of 14 per cent to the commercial rand and ended at a discount of 37 per cent. But the political outlook and recent steps taken to bolster the currency make any further weakening from current levels unlikely.

LONDON SHARE SERVICE

BRITISH FUNDS

Share	Price	Yield	Notes	Share	Price	Yield	Notes
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992

BRITISH FUNDS - Cont.

Share	Price	Yield	Notes	Share	Price	Yield	Notes
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992

BRITISH FUNDS - Cont.

Share	Price	Yield	Notes	Share	Price	Yield	Notes
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992

OTHER FIXED INTEREST

Share	Price	Yield	Notes	Share	Price	Yield	Notes
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992
12-13-1992	100.00	10.00	12-13-1992	100.00	10.00	10.00	12-13-1992

Continued on next page

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JANUARY 21 1993										WEDNESDAY JANUARY 20 1993										DOLLAR INDEX									
	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield						
Figures in parentheses show number of times of stock																														
Australia (86)	118.11	-1.1	115.36	99.33	99.17	118.15	-0.2	4.11	118.40	114.67	94.31	96.73	118.41	152.68	108.18	145.75	118.40	114.67	94.31	96.73	118.41	152.67	108.18	145.75						
Austria (18)	134.09	-0.2	130.99	105.85	112.99	112.99	+0.3	2.17	134.09	130.99	105.85	112.99	112.99	112.99	112.99	112.99	134.09	130.99	105.85	112.99	112.99	112.99	112.99	112.99						
Belgium (42)	187.77	+0.8	184.55	108.08	115.87	112.79	+0.5	3.18	187.77	184.55	108.08	115.87	112.79	112.79	112.79	112.79	187.77	184.55	108.08	115.87	112.79	112.79	112.79	112.79						
Canada (113)	111.41	-0.8	108.81	99.03	93.54	103.75	-0.5	1.98	111.41	108.81	99.03	93.54	103.75	103.75	103.75	103.75	111.41	108.81	99.03	93.54	103.75	103.75	103.75	103.75						
Denmark (33)	203.96	-0.4	199.20	101.16	171.25	172.08	+0.2	2.54	203.96	199.20	101.16	171.25	172.08	172.08	172.08	172.08	203.96	199.20	101.16	171.25	172.08	172.08	172.08	172.08						
Finland (23)	67.61	-2.1	68.22	93.58	95.83	95.83	-0.3	3.58	67.61	68.22	93.58	95.83	95.83	95.83	95.83	95.83	67.61	68.22	93.58	95.83	95.83	95.83	95.83	95.83						
France (99)	147.10	-0.6	146.67	118.23	123.50	125.87	+0.3	2.54	147.10	146.67	118.23	123.50	125.87	125.87	125.87	125.87	147.10	146.67	118.23	123.50	125.87	125.87	125.87	125.87						
Germany (62)	237.12	+0.6	231.69	107.35	109.10	109.10	+0.8	3.82	237.12	231.69	107.35	109.10	109.10	109.10	109.10	109.10	237.12	231.69	107.35	109.10	109.10	109.10	109.10	109.10						
Hong Kong (5)	138.28	+0.5	135.84	108.74	118.21	118.21	+0.8	4.48	138.28	135.84	108.74	118.21	118.21	118.21	118.21	118.21	138.28	135.84	108.74	118.21	118.21	118.21	118.21	118.21						
Ireland (16)	80.42	-0.5	80.01	47.74	50.73	50.73	+0.2	3.12	80.42	80.01	47.74	50.73	50.73	50.73	50.73	50.73	80.42	80.01	47.74	50.73	50.73	50.73	50.73	50.73						
Italy (76)	101.47	-0.1	99.10	80.17	85.21	85.21	+0.0	1.04	101.47	99.10	80.17	85.21	85.21	85.21	85.21	85.21	101.47	99.10	80.17	85.21	85.21	85.21	85.21	85.21						
Japan (47)	280.15	+0.4	264.08	205.85	218.42	259.89	+0.7	2.55	280.15	264.08	205.85	218.42	259.89	259.89	259.89	259.89	280.15	264.08	205.85	218.42	259.89	259.89	259.89	259.89						
Malaysia (8)	153.79	-0.2	150.50	131.67	138.28	138.28	+0.7	2.55	153.79	150.50	131.67	138.28	138.28	138.28	138.28	138.28	153.79	150.50	131.67	138.28	138.28	138.28	138.28	138.28						
Mexico (16)	185.35	-0.1	182.50	121.52	129.15	129.15	+0.3	4.48	185.35	182.50	121.52	129.15	129.15	129.15	129.15	129.15	185.35	182.50	121.52	129.15	129.15	129.15	129.15	129.15						
Netherlands (25)	40.58	-1.4	39.62	32.05	34.08	42.08	-1.0	1.01	40.58	39.62	32.05	34.08	42.08	42.08	42.08	42.08	40.58	39.62	32.05	34.08	42.08	42.08	42.08	42.08						
New Zealand (13)	143.50	-1.8	140.45	104.18	110.28	133.47	-1.1	1.81	144.26	140.29	113.68	115.45	122.08	134.91	129.55	128.05	143.50	140.45	104.18	110.28	133.47	133.47	133.47	133.47						
Norway (22)	149.50	-0.4	146.26	102.88	109.39	109.39	+0.2	2.04	149.50	146.26	102.88	109.39	109.39	109.39	109.39	109.39	149.50	146.26	102.88	109.39	109.39	109.39	109.39	109.39						
Singapore (38)	155.09	-0.8	151.47	122.59	177.31	182.73	+0.3	3.12	155.09	151.47	122.59	177.31	182.73	182.73	182.73	182.73	155.09	151.47	122.59	177.31	182.73	182.73	182.73	182.73						
South Africa (50)	129.50	-1.0	126.51	101.54	107.40	111.27	-0.5	5.46	129.50	126.51	101.54	107.40	111.27	111.27	111.27	111.27	129.50	126.51	101.54	107.40	111.27	111.27	111.27	111.27						
Sweden (37)	161.21	-1.4	157.45	127.38	136.36	136.36	+1.1	2.07	161.21	157.45	127.38	136.36	136.36	136.36	136.36	136.36	161.21	157.45	127.38	136.36	136.36	136.36	136.36	136.36						
Switzerland (96)	122.58	+0.5	120.67	89.91	94.38	103.18	+1.1	2.03	122.58	120.67	89.91	94.38	103.18	103.18	103.18	103.18	122.58	120.67	89.91	94.38	103.18	103.18	103.18	103.18						
United Kingdom (229)	169.34	-0.5	165.39	133.79	142.17	165.39	+0.8	2.68	169.34	165.39	133.79	142.17	165.39	165.39	165.39	165.39	169.34	165.39	133.79	142.17	165.39	165.39	165.39	165.39						
USA (222)	178.13	+0.5	173.87	140.75	148.57	178.13	+0.8	2.68	178.13	173.87	140.75	148.57	178.13	178.13	178.13	178.13	178.13	173.87	140.75	148.57	178.13	178.13	178.13	178.13						
Australia (781)	136.75	-0.5	133.58	109.08	114.83	126.27	+0.4	3.77	137.45	132.77	106.59	114.83	124.74	158.88	130.31	146.80	136.75	133.58	109.08	114.83	126.27	126.27	126.27	126.27						
Nordic (114)	146.22	-1.8	143.43	117.16	89.46	104.79	-0.5	2.16	151.13	145.45	110.28	128.23	142.52	168.52	141.24	184.99	146.22	143.43	117.16	89.46	104.79	104.79	104.79	104.79						
Pacific Basin (715)	146.22	-1.8	143.43	117.16	89.46	104.79	-0.5	2.16	151.13	145.45	110.28	128.23	142.52	168.52	141.24	184.99	146.22	143.43	117.16	89.46	104.79	104.79	104.79	104.79						
Europe-East (16)	118.77	-0.8	116.00	93.84	99.72	101.65	-0.5	2.51	119.37	116.00	93.84	99.72	101.65	101.65	101.65	101.65	118.77	116.00	93.84	99.72	101.65	101.65	101.65	101.65						
Europe-West (635)	174.00	+0.4	169.84	137.50	146.12	174.00	+0.7	3.26	174.00	169.84	137.50	146.12	174.00	174.00	174.00	174.00	174.00	169.84	137.50	146.12	174.00	174.00	174.00	174.00						
Europe-Est. UK (555)	116.92	-0.2	115.83	93.50	93.50	93.50	+0.3	3.63	116.92	115.83	93.50	93.50	93.50	93.50	93.50	93.50	116.92	115.83	93.50	93.50	93.50	93.50	93.50	93.50						
Pacific-Est. Japan (463)	119.90	-0.3	117.11	92.75	101.33	108.34	+0.3	2.46	120.49	117.11	92.75	101.33	108.34	108.34	108.34	108.34	119.90	117.11	92.75	101.33	108.34	108.34	108.34	108.34						
World-Est. Japan (193)	136.67	+0.1	132.51	107.21	113.83	126.16	+0.8	2.67	138.28	133.27	106.42	115.76	126.78	155.05	130.43	148.00	136.67	132.51	107.21	113.83	126.16	126.16	126.16	126.16						
World-Est. So. Afr. (2148)	139.59	+0.1	135.74	126.01	133.81	153.85	+0.4	3.21	139.59	135.74	126.01	133.81	153.85	153.85	153.85	153.85	139.59	135.74	126.01	133.81	153.85	153.85	153.85	153.85						
World-Est. Japan (1737)	139.60	+0.1	135.36	126.02	116.36	126.59	+0.3	2.68	138.52	133.27	106.41	115.70	126.12	153.70	130.06	148.75	139.60	135.36	126.02	116.36	126.59	126.59	126.59	126.59						
The World Index (229)	139.60	+0.1	135.36	126.02	116.36	126.59	+0.3	2.68	138.52	133.27	106.41	115.70	126.12	153.70	130.06	148.75	139.60	135.36	126.02	116.36	126.59	126.59	126.59	126.59						
Source: Standard & Poor's Market Data, Inc. and West Securities Limited, 1987																														

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Airline heads seek rapid end to conflict prompted by 'dirty tricks' affair

BA chief and Branson to meet

By Paul Betts and Michael Cassell in London

SIR COLIN MARSHALL, British Airways' chief executive and deputy chairman, will meet Mr Richard Branson, the head of Virgin Atlantic, next week in a final attempt to end the conflict triggered by BA's "dirty tricks" campaign.

The meeting is expected to take place as early as Monday amid growing indications that both sides are anxious to improve relations which have continued to be strained despite BA's two public apologies and a £50,000 libel settlement.

Virgin indicated last night it wanted the issue resolved by the middle of next week, although it still threatens to take further legal action against BA in the US courts. "No one wants this affair to drag on," the airline said last

night. BA is also keen to settle the damaging affair without further delay. But the airline is uncertain over Virgin's likely demands, which could prove too much for BA to swallow.

Mr Branson is expected to insist on cash compensation for lost revenue arising out of its rival's campaign as well as a legally binding agreement preventing any future abuse of Virgin's computer reservation information. Virgin also wants access to BA's maintenance facilities for its aircraft. Access was withdrawn five years ago.

Sir Colin emphasised this week that he was anxious to establish better relations with Virgin, while Mr Branson has indicated he would like to avoid taking any further legal action.

Although BA's executive management is continuing its investigation into its marketing, public

affairs and legal departments in the aftermath of the "dirty tricks" campaign, no sackings or resignations have so far emerged.

In an effort to restore staff morale and publicly demonstrate its commitment to best business practice, BA yesterday published its new code of conduct for its 50,000 employees.

"The best way to put the past behind us is to make it plain how we intend to go forward in the future," Sir Colin says in an introduction to the document.

The code sets down general standards of behaviour covering issues ranging from "fairness" and "integrity" to "honesty" and "fair competition". It urges employees: "Be prepared to challenge if you believe others are acting in an unethical way..."

However, BA's attempts to restore an air of normality remain under a cloud as institu-

tional investors continue to express concern over the company's failure to split the roles of chairman and chief executive.

Despite recent events, there has so far been no change in the plan for Sir Colin to add the post of chairman to his existing responsibilities when Lord King steps aside as chairman in July.

The issue of the future shape of the company's board has not been raised in the immediate aftermath of the "dirty tricks" revelations. Sir Colin said this week there was "ample time" for the board to consider the issue.

Some institutional shareholders yesterday claimed that Sir Michael Angus, a BA non-executive deputy chairman, had told them that Sir Colin "would not hang around" if he was unable to hold both posts.

Details, Page 5

Sterling weakens on gloom over recovery

By James Blitz, Economics Staff, in London

STERLING came under renewed pressure against the D-Mark yesterday, falling another 1 1/4 pence, amid increasing gloom about the prospects for an economic recovery in the UK.

The pound fell to a low of DM2.37 in the morning, as currency dealers speculated that the government might cut base rates in the near future, following the release of poorer-than-expected economic data on Thursday.

The Bank of England left interest rates unchanged, but the pound still closed at DM2.44, 1 1/2 pence down on the day and more than 6 pence below the level at which it closed last Friday.

Sterling firmed against a generally weak dollar, closing at \$1.5345, up more than 1 1/2 cents.

On the London stock market, hopes of an early interest rate cut had helped lift share prices to within 6 points of 2,800 on the FT-SE 100 index of leading shares. It closed at 2,781.2, up 7.9 on the day.

Sterling has on several occasions in the past three months, dropped to the levels at which it was trading yesterday, only to rally again to around DM2.5.

But there were signs yesterday that the currency was under more serious pressure.

One of the leading banks in the London foreign exchange market said it had received no requests to buy the pound from its UK corporate customers on Thursday and that there had been barely any improvement in the situation.

Mr Neil MacKinnon, an economist at Citibank in London, said Thursday's economic data, which showed a rise in seasonally adjusted unemployment by 60,000 in December to 2.97m, had significantly changed the currency market's mood towards sterling.

However, Mr Steven Hannah, head of research at IBI International in London, said the money markets were now virtually discounting a full percentage point cut in base rates before the March Budget, so that the UK authorities could ease policy without affecting the pound any further.

"The only thing that might put pressure on the currency is if the rate cut comes too soon," he said.

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Mixed signs of recovery, Page 7
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Clinton suffers first defeat as Baird concedes top legal job

By Jurek Martin in Washington

PRESIDENT Bill Clinton suffered his first big political defeat in the small hours of yesterday morning, his administration not yet 48 hours old, when Ms Zoe Baird withdrew her nomination as the next US attorney general.

In his letter to Ms Baird and in remarks before his first cabinet meeting later in the morning, Mr Clinton said that he was "saddened" by her withdrawal but he had not "agonised" over accepting it. He described her as "an exceptionally gifted attorney and a person of great decency and integrity".

Mr Clinton said he took "full responsibility" for the fact that the extent of the problems she might face was not appreciated. Ms Baird, 40, would have been the first woman to head the justice department.

She ran into severe criticism when it was revealed that she had employed two illegal immigrants, a Peruvian couple, for household work.

In her letter to Mr Clinton she wrote that she was "surprised at the extent of the public reaction" but concluded that the opportunity "to reinvigorate" the justice department would be lost by the



Cartoonist Garry Trudeau was among many caught on the hop by Zoe Baird's midnight withdrawal. His Doonesbury strip this week has featured Ms Baird already in office as attorney general. Mr Trudeau normally delivers his strips 10 days in advance and Ms Baird will feature again in today's cartoon. But those already delivered for use later next week, also about her, will be replaced.

continuing controversy. In hearings this week, she confessed to breaking the law, for which she had paid both back social security taxes and a civil penalty.

Mr Clinton promised to begin the search for a replacement immediately but the White House avoided a commitment to finding

another woman for the post. Ms Baird's cause was lost with escalating speed on Thursday evening. First two Republican senators came out against her, followed by half a dozen moderate Democrats even as she continued to testify before the judiciary committee well into the evening, insisting all along that she would not withdraw.

The general reaction on Capitol Hill yesterday was that in the end the president and Ms Baird had little choice but to accept defeat. Senator Patrick Leahy, the Democrat from Vermont, said he thought that if Mr Clinton had exerted maximum pressure he might have got her confirmed, "but this would have sent the wrong signal" about double standards.

As Ms Baird was falling, Mrs Hillary Clinton was very much on the rise. It emerged that her office will be in the political west wing of the White House, not the social east wing from which first ladies normally operate.

Officials denied she would be put in charge of health care reform, but expected her to be influential in formulating policy.

Background, Page 3
Man in the news, Page 6

EC eager to resume Gatt talks with US

By David Dodwell, World Trade Editor, in London

THE NEW US administration may be willing to match the momentum in the European Community aimed at completing the Uruguay round of talks on trade reforms, it emerged yesterday.

Even as Mr Mickey Kantor, the new US Trade Representative, was being sworn in, plans were being made for an early resumption of US-EC talks.

Sir Leon Brittan, the European Community's Trade Commissioner, said yesterday in an interview at the Financial Times that "momentum had been jacked up". It was now at a point where "if the Clinton administration picks up the ball and runs with it" on agreement was possible before presidential power to press a Uruguay Round deal quickly through Congress expires early in March.

He said he was ready to meet Mr Kantor at a moment's notice. He claimed a deal had come tantalisingly close in Geneva last week following significant headway on proposed tariff cuts in

sensitive sectors such as textiles and electronics. They stopped short because of US pressure to rewrite other parts of the draft Uruguay round agreement. "I don't believe that substantial changes are possible without Pandora's box being opened," Sir Leon said.

"Everything depends on the attitude of the US administration," Sir Leon said. His first priority as being to impress on them "the urgency and desirability of reaching an early agreement. There is no single step which will have a more beneficial effect on the world economy than an agreement," he said.

He conceded that tangible trade gains would take time to emerge, but an important boost could come from the "announcement effect" of a breakthrough. "If there is some degree of common perception not of the deal, but of the necessity for a deal and the approach towards a deal, we can give instructions to negotiators to go back to Geneva and get on with it."

Deadlines have constantly been broken for completion of the Uruguay round talks.

Reports on pit closures

Continued from Page 1

cross-party trade and industry select committee, which meets to finalise its report on the sector early next week.

There were suggestions that Tory committee members might use the independent reports to argue for recommendations that would save too few of the 31 threatened pits to be acceptable to some Labour members. The select committee report is expected to be published on Friday.

Among the reports, Boyd suggested that six of the 31 pits whose future is undecided could operate on a profitable basis within three years. The number would rise to 13 if laws restricting changes in working practices and management were removed.

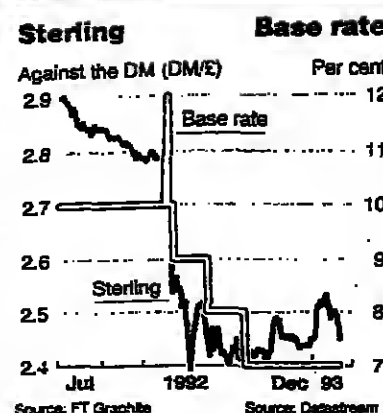
Camurus Energy said that in a free market where rival fuels were relatively cheap, British Coal's total sales, falling contractual arrangements with generators, could fall from 86m tonnes this year to 21m next.

The two other reports, by Ernst & Young and Pims, suggested ways for British Coal to make significant savings in management costs, presaging the loss of up to 3,000 senior staff jobs.

THE LEX COLUMN

By George, he's got it!

FT-SE Index: 2781.2 (+7.9)



basic infrastructure which can be diverted from services offered - gas marketing can be split from the pipes, trains can be split from track.

It may be that the poor state of British Rail's capital stock, its high fixed costs, and need for continuing public subsidy rule out selling the operation as a whole. But that solution offers some advantages. It would expose all of the railways - including the track - to direct market pressure. Other privatisations have shown that many unlikely assets are saleable if they are priced correctly. And efficiency and service improvements combined with premium prices on some routes might justify the capital investment needed. The benefits of an integrated network would be maintained, while management would be motivated to work for the change.

Ideally, internal competition within the railways would provide benefits, but that can be approached in a phased way - as it has been in the gas industry. By opting for a track authority and franchised services, the government has made rail commercialisation complex, when simpler alternatives might have solved the problem.

Sterling's sharp fall this week is a measure of the dilemma facing the government. Without a resurgence of growth, the PSBR is likely to deteriorate further when the government is already expected to be raising £1bn a week gross during the next financial year. Since there can be no fiscal stimulus, the only lever left appears to be interest rates. Yet lower rates threaten

to weaken the pound, raising fears of a fresh inflationary push. That is hardly welcome when the underlying rate is already pushing up towards its target ceiling of 4 per cent.

Financial markets were wrong to anticipate that this week's poor economic data would prompt the government to cut rates. With unemployment growth accelerating, though, it may sooner or later have to cast its inflation worries aside. Equally important, a steeper yield curve may be needed to fund next year's PSBR. The question is how much of this has already been discounted by sterling. A market perception that the exchange rate was low enough to allow room for eventual appreciation would encourage foreigners to buy gilts. Next week's auction will provide some clue as to whether this point has been reached.

Lloyd's

A year after Mr David Rowland's task force report, the problems of the Lloyd's insurance market look as pressing as ever. Underwriting losses show every sign of matching the gloomiest predictions. That will lead to a further erosion of capital. If the losses forecast by Chatet this week prove anything like correct - and rates continue to harden - Lloyd's will be turning away profitable business before the middle of the decade unless new sources of capital are found.

The new quota-share arrangements for attracting corporate investors are already proving their worth. But it is far from clear that the modest investments made by the likes of J P Morgan this year will plug the gap. The current rate of attrition among Names demands something more. The hurdles to direct corporate membership are formidable. Assuming these can be overcome, though, Lloyd's must find a way to introduce corporate members without alienating individual Names.

Since corporate capital would be subject to limited liability, there is plenty of scope for friction. Names facing unlimited liability - even allowing for the stop-loss arrangements introduced last year - might easily feel disadvantaged. But it can hardly be in the interest of Names to participate in a market starved of capital. Any insurance market worth its salt should be able to reward varieties of capital with appropriate rates of return. If Lloyd's can learn to price its risks correctly, there should be no shortage of capital from either source.

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Weekend FT

SECTION II

Weekend January 23/January 24 1993

God at the end of a telescope

Christian Tyler asks: Has the Roman Catholic Church at last been converted to science?

"It seems that not one of the natural phenomena which sense experience reveals to us or which are proved to us by the necessary demonstration can be held in any doubt whatsoever, or rejected, because of some passages in the Scriptures which in their literal wording seem to be at variance with it."

Galileo Galilei; letter to the Grand Duchess Cristina di Lorena, 1614. (trans: Shmuel Sambursky)

ON A MOUNTAIN peak high above the little town of Thatcher, Arizona, Jesuit astronomers from the Vatican have taken up station behind two new telescopes to peer into the atmosphere surrounding the young stars in the Milky Way.

"Our purpose is not to look for extraterrestrial life," said Father George Coyne, director of the Vatican Observatory and a professor at the University of Arizona (which has a quarter share in the telescopes). "But we might incidentally discover conditions for the birth of new planets."

The 10,700-ft peak of Mount Graham, home to a rare red squirrel, the pocket gopher and the white-bellied vole, thus becomes the scientific summit of the Specola Vaticana, created by Pope Gregory XIII to help his 1582 reform of the calendar.

That celibates in cassocks should be competing with the world's best astrophysicists may seem quaintly anachronistic, even ludicrous. For do science and religion not give rival accounts of the universe? Is not God simply a device for explaining the parts that science cannot yet reach? To those who believe that every scientific advance entails a theological retreat, the Vatican's formal rehabilitation of Galileo at the end of October came as just one more proof of the archaic cosmology of the Roman Catholic Church.

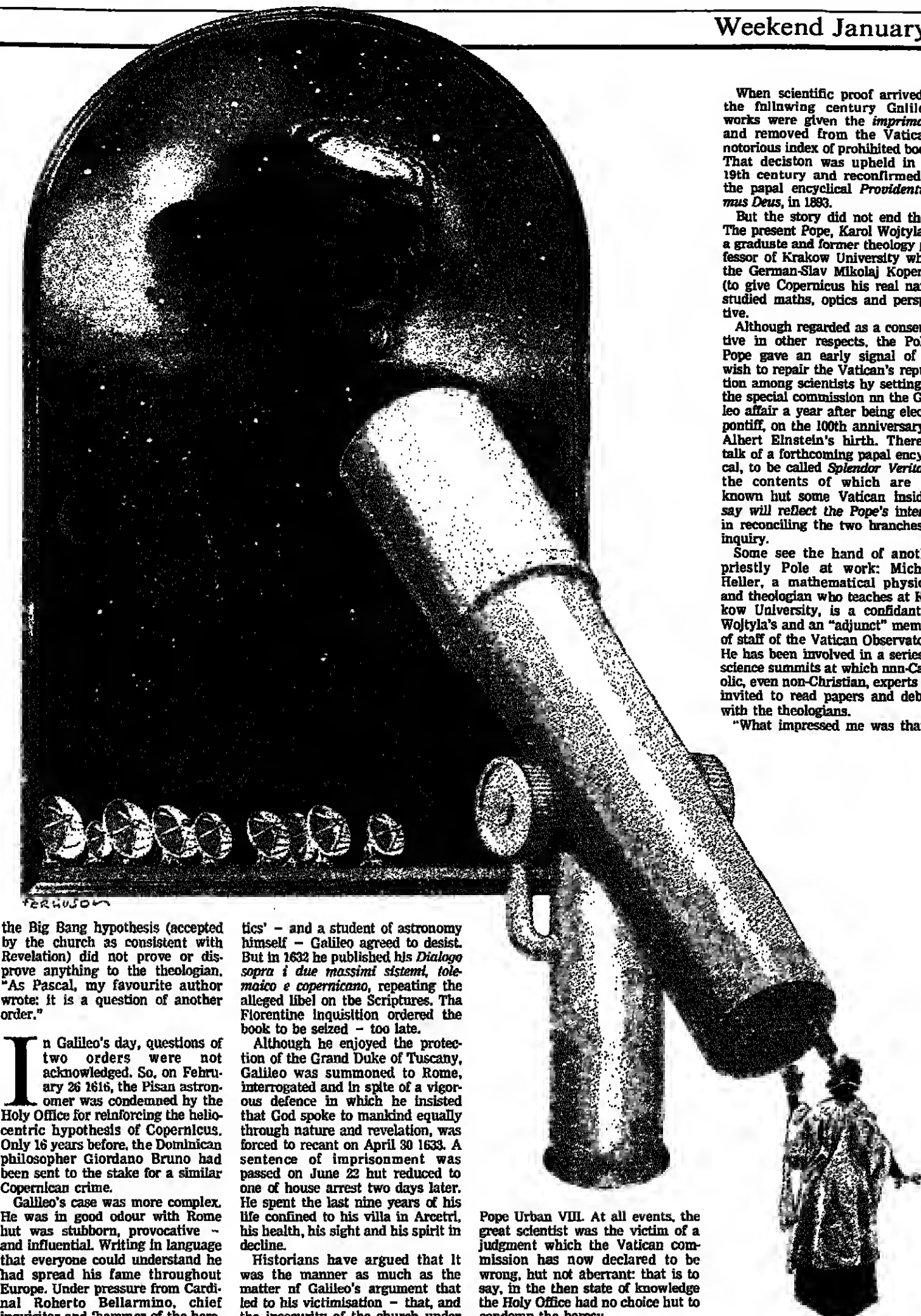
If it took 360 years to issue that retraction, how can Roman Catholic theology hope to keep up? If the church is still wrestling with the consequences of the two apples - Eve's and Newton's - how can it hope to accommodate quarks, gluons or the Big Bang?

Yet the antagonism of faith and science is a relatively modern invention. Even the furor over Darwin's theory of evolution has been exaggerated. Most of the scientific pioneers were believers, and some were clergymen - Descartes, Newton, Kepler, Galileo, Bishop Berkeley, Locke and, in this century, the Jesuit palaeontologist Teilhard de Chardin. Copernicus, proponent of the heliocentric universe, was canon of Frauenberg cathedral.

As scientific accounts of the subatomic and cosmic worlds become ever more incredible - or counter-intuitive in the jargon - physicists are ever more careful to distinguish the "how" questions of science from the "why" questions of theology. As theologian Sean P. Kealy has put it: science is like a photograph of the world, faith like an x-ray. But both are "real".

This is the distinction which Pope John Paul II insisted upon when he commented on the report of the Vatican's commission of inquiry into the Galileo affair. "A tragic mutual incomprehension has been interpreted as the reflection of a fundamental opposition between science and faith," he said. "This sad misunderstanding now belongs to the past."

Cardinal Paul Poupard, former rector of the Catholic Institute of Paris, was president of the commission. He said from his office in the Vatican this week: "This is my very profound conviction too. For the believer, both kinds of knowledge come from the same fount. As Galileo himself said, there are two big books, the book of nature and the book of scripture, the Bible." For example, added the cardinal,



the Big Bang hypothesis (accepted by the church as consistent with Revelation) did not prove or disprove anything to the theologian. "As Pascal, my favourite author wrote: it is a question of another order."

In Galileo's day, questions of two orders were not acknowledged. So, on February 26 1616, the Pisan astronomer was condemned by the Holy Office for reinforcing the heliocentric hypothesis of Copernicus. Only 18 years before, the Dominican philosopher Giordano Bruno had been sent to the stake for a similar Copernican crime.

Galileo's case was more complex. He was in good odour with Rome but was stubborn, provocative and influential. Writing in language that everyone could understand he had spread his fame throughout Europe. Under pressure from Cardinal Roberto Bellarmine, chief inquisitor and hammer of the here-

tics - and a student of astronomy himself - Galileo agreed to desist. But in 1632 he published his *Dialogo sopra i due massimi sistemi, tolemaico e copernicano*, repeating the alleged libel on the Scriptures. The Florentine Inquisition ordered the book to be seized - too late.

Although he enjoyed the protection of the Grand Duke of Tuscany, Galileo was summoned to Rome, interrogated and in spite of a vigorous defence in which he insisted that God spoke to mankind equally through nature and revelation, was forced to recant on April 30 1633. A sentence of imprisonment was passed on June 22 but reduced to one of house arrest two days later. He spent the last nine years of his life confined to his villa in Arcetri, his health, his sight and his spirit in decline.

Historians have argued that it was the manner as much as the matter of Galileo's argument that led to his victimisation - that, and the insecurity of the church under

When scientific proof arrived in the following century Galileo's works were given the *imprimatur* and removed from the Vatican's notorious index of prohibited books. That decision was upheld in the 19th century and reconfirmed by the papal encyclical *Providentissimus Deus*, in 1883.

But the story did not end there. The present Pope, Karol Wojtyla, is a graduate and former theology professor of Krakow University where the German-Slav Mikolaj Kopernik (to give Copernicus his real name) studied maths, optics and perspective.

Although regarded as a conservative in other respects, the Polish Pope gave an early signal of his wish to repair the Vatican's reputation among scientists by setting up the special commission on the Galileo affair a year after being elected pontiff, on the 100th anniversary of Albert Einstein's birth. There is talk of a forthcoming papal encyclical, to be called *Splendor Veritatis*, the contents of which are not known but some Vatican insiders say will reflect the Pope's interest in reconciling the two branches of inquiry.

Some see the hand of another priestly Pole at work: Michael Heller, a mathematical physicist and theologian who teaches at Krakow University, is a confidant of Wojtyla's and an "adjunct" member of staff of the Vatican Observatory. He has been involved in a series of science summits at which non-Catholic, even non-Christian, experts are invited to read papers and debate with the theologians.

"What impressed me was that it

was very hard work," said Prof John Barrow, professor of astronomy at Sussex University in England who attended a seminar last year. "There were 20 or 30 of us round a big table and we worked from 9 a.m. to 6.30 in the evening with an hour for lunch. The papers were circulated six months in advance and took several hours to read. It was not like the usual science meeting." This series of meetings, run in conjunction with the Centre for Theology and Natural Sciences at Berkeley, California, is in addition to occasional briefings organised for the benefit of the observatory's ten Jesuit staff.

Prof Stephen Hawking, the cosmologist who holds Newton's chair at Cambridge, was another of those summoned. In his best-selling *Brief History of Time*, Hawking gave an ironic account of his audience with the Pope. He told us that it was all right to study the evolution of the universe after the Big Bang, but we should not inquire into the Big Bang itself because that was the moment of Creation and therefore the work of God. "He was glad, he added, that Pope John Paul had not heard him read the paper in which he had argued that space-time was possibly finite but with no boundary - and therefore there could be no moment of creation. "I had no desire to share the fate of Galileo."

There is no "Galileo cloud," said Fr Coyne, the observatory's director. "In 30 years I have never had any problem with any colleague concerning the relationship of science and faith." He did, however, admit to a shortage of scientifically-trained theologians within the Catholic church. "We have to look in every corner to find a Catholic or even Christian expert."

But can the message of scripture, however judiciously interpreted, and the hypotheses of modern science, however cautiously advanced, ever be truly reconciled?

No, says the biologist and writer Richard Dawkins. "There will always be conflict between the two. You cannot get away from the fact that religion is a scientific hypothesis: to say there is a Creator is to make a scientific claim, and science cannot ignore that. Then you have to explain miracles like the virgin birth and the resurrection."

"It makes me cross that religion should have this power over people's lives and education and thought. I think the whole thing is a total illusion. Why doesn't the Vatican learn the lesson? They were not just wrong about Galileo - that blunder was only a detail - but their whole attitude of thinking you can decide things by appealing to authority is wrong."

Dawkins concedes that some scientist-theologians make a good fist of squaring their beliefs. Asked to explain why so many scientists continue to accept God he suggested the human brain could be infected by something akin to a self-

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are the ones who like to put blue IFA logos on their office doors.

The plan to transfer these advisers - of which there are some 6,300 authorised firms - from their tottering regulatory body Fimbra (which is being kept alive only by financial transfusions from insurance companies) to a new body called the Personal Investment Authority is in deep trouble. Andrew Large, chairman of the Securities and Investments Board, says he will not recognise the PIA unless its preliminary prospectus is changed so that a number of conditions are met. One of these is that the PIA must vet all the IFAs thoroughly before accepting them, and must not simply take the view that they can be grandfathered over from Fimbra. The PIA will certainly not start operations on July 1, as scheduled, and may well be stillborn.

There is a lot of tedious financial industry politics in all this, but the question of independent advice is an important one. The UK is unusual in having a large group of independent intermediaries, who as recently as 30 years ago accounted for the bulk of life insurance and pensions business, and still sell maybe a third. On the Continent most savings products of this kind are sold through banks or by salesmen.

When the UK's new investment regulation framework was being developed in the mid-1990s it was rightly thought vital to protect the tradition of independent advice. Unfortunately a serious mistake was made. The IFAs did not accurately recognise their own function, which was essentially to act as freelance marketing agents who could sell products for a large number of independent life offices, not to mention other providers such as unit trust companies. Because of the existence of this



are the ones who like to put blue IFA logos on their office doors.

match their own image of themselves. Many firms have been closed or gone into liquidation, and there is concern that the courts may make big awards against certain IFAs in favour of victims of home income plans, the packages of mortgages and insurance bonds that have left many pensioners facing repossession of their homes. The financial viability of the IFAs' regulator Fimbra has been undermined. If it collapses the law says that the IFAs must find authorisation elsewhere or cease trading.

Moreover the banks are out for revenge. If the IFAs had not been so keen to drive the banks and building societies out of multi-provider retailing the IFAs might have lost some of their marketing distinctiveness but they would have shared some regulatory interests with the banks. As it is, the banks see the IFAs purely as competitors that would be better eliminated. They are well-placed to kill the PIA - but are negotiating as they would prefer not to be seen with a smoking gun. If the worst comes to the worst most IFAs will have to sign up as tied agents of single life companies. A few may be able to gain authorisation from other regulators. There remain accountants, solicitors and other professionals who are authorised to give independent advice by their professional institutes.

As recently as the beginning of this month we saw one of the belated effects of this National Westminster Bank finally abandoned its attempt to persevere as the last major High Street multi-branch IFA. The entirely superfluous NatWest Life is now in operation, and leading independent offices such as Clerical Medical and Standard Life have lost an important source of business. But in winning the battle against the banks in the 1980s the IFAs overplayed their hand. The new rules required them to give "best advice" and to subscribe to a compensation scheme through which good IFAs must pay for the losses inflicted on the public by the rogues and the incompetents. For a truly professional industry this should not have been a problem. Alas, in too many cases the IFAs have failed to

The Long View/Barry Riley

Independent illusions

Independent distribution channel the UK has been able to sustain a large number of innovative and competitive life companies which have generally offered good value to investors. But the IFAs have bigger ideas. They considered they were investment experts whose job it was to offer best advice to clients.

This was seriously over-optimistic in most cases, because truly professional IFAs would require proper experience and qualifications and would be remunerated by their clients through fees; in fact IFAs are almost always remunerated through commissions from the product providers.

With ideas a long way above their real station in life, the IFAs and their trade associations saw the new Financial Services Act (intended to improve investor protection) as a way of securing a marketing advantage. They insisted that they alone should have the right to multiple representation; other intermediaries could act only for one company. The gloss put on this "polarisation" was that it protected the public against conflicts of interest. But for the IFAs the point was that it restricted the banks and building societies in their plans to develop the retailing of investment products.

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Banks and top-rate taxpayers are profiting from repressed housing. John Authors reports. Page V

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MARKETS

London

Shareholders suffer from dirty tricks

By Peter Martin, Financial Editor

SO FAR, it seems to be shareholders rather than airline executives who have paid the price for British Airways' shoddy behaviour towards Richard Branson's Virgin Atlantic.

On Thursday, the BA board exonerated its own members; it remains to be seen whether less senior members of the airline's staff face disciplinary action.

Shareholders' punishment has been swift. Since late December, when rumours of a settlement in the case with Virgin first began to circulate, British Airways has underperformed the FT-Actuaries All-Share Index by 13 per cent.

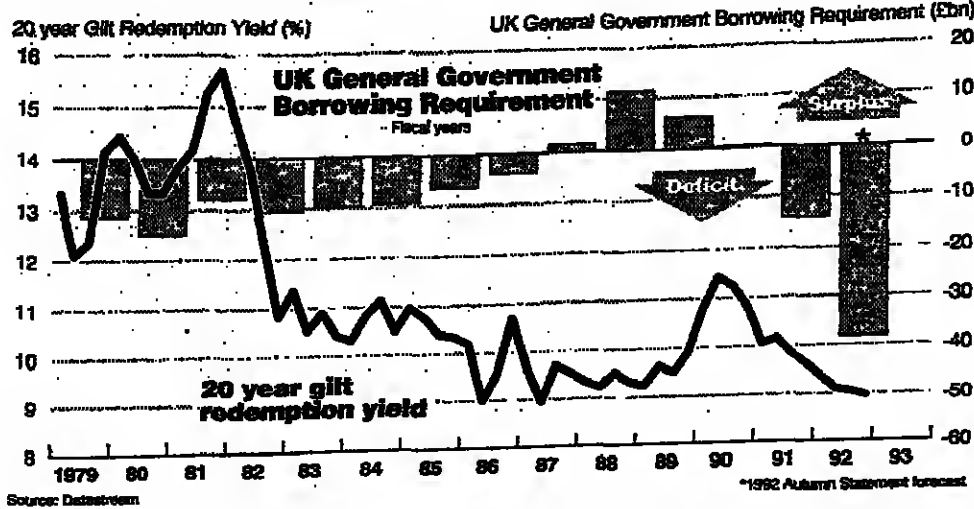
Perhaps more revealing is a comparison with three publicly traded European airlines, KLM, Swissair and Lufthansa. During 1992, British Airways outperformed all of them by more than 100 per cent; since late December, it has done worse than all of them, underperforming Swissair and Lufthansa by over 20 per cent.

Had BA shares moved in line with the rest of the UK market since late December, they would today be selling at something like 300p, compared with the closing price of 265p on Thursday, just before the board released its statement of self-exculpation. If that figure is a guide to the damage caused by the scandal, it is likely that shareholders, collectively, are worse off by around £300m - a figure that dwarfs the £2m or so paid to Branson in costs and settlement.

On Friday, as institutional investors digested the fact that BA did not plan to follow their advice to keep separate the roles of chairman and chief executive, the share price rose 4½p on the week, closing at 270p.

The BA board might be forgiven for feeling that this particular piece of advice has a one-size-fits-all quality. Whenever there is a setback at a company, regardless of its size, institutional investors call for a separation of powers.

Gift yields and government borrowing



This week, their advice prevailed in the case of Barclays. Andrew Buxton, who this month became chairman as well as chief executive, sent a letter to the bank's senior managers. "I have taken notice of what our shareholders think," he wrote, "and I will be taking steps to split the responsibility."

The move will happen "at a time of our choosing," thought to be later this year. As if to reward him, Barclays shares rose 39p during the week, closing at 413p. The rise probably stems, however, from a growing belief among analysts that Barclays' dividend is safe. That view was clinched, for Terry Smith of the stockbrokers Collins Stewart, by some of the small print in Andrew Buxton's letter. This year, said the chairman, would be one for recovery rather than prosperity. "I am completely confident, however, that we

will recover well," and there would be good profits in the future. "We have a strong capital base that is amply sufficient to absorb the problems we have suffered."

Short of desperation, companies do not usually trim dividends if earnings recovery can be expected in the foreseeable future. If the Barclays board takes that approach, the warning of the letter is the strong evidence yet for the view that the dividend is safe.

The letter summed up another theme of the week. "Even the most optimistic economic forecasters are now predicting only a slow and difficult climb out of the current world-wide recession," wrote Buxton. As if on cue, poor economic statistics were released.

On Wednesday, retail sales for December fell disappointingly short of expectations fuelled by all those reports of last-minute pre and post-Christmas buying. On Thursday, a fresh batch of gloomy figures appeared. Unemployment, seasonally adjusted, rose by 60,800 in the month to December, nearly twice as fast as City economists had expected. Industrial production figures for November showed a 0.5 per cent drop in manufacturing output, to a level 0.2 per cent lower than a year before.

The markets, which had already been toying with the expectation of an early cut in interest rates, took the numbers as further pressure on the government to act. The futures market's short sterling contract closed the week at a level implying base rates of 6½ per cent or less by March, down from their current 7 per cent. Sterling weakened sharply on Thursday, and closed the

week at DM 2.44, down 6½ pence from the previous Friday. Equities, which had fallen on Monday and Tuesday, recovered strongly as the market absorbed the economic statistics, and the FT-SE 100 index closed the week at 2781.2 up 16.1p.

Shorter- and medium-term gilts followed the same pattern, influenced by base-rate expectations. Long-term gilts, more influenced by Tuesday's announcement that there had been a sharp rise in public-sector borrowing in December, moved the other way, however.

The economists at Goldman Sachs, previously rather bullish on the outlook for gilts, announced themselves more pessimistic, partly as a result of a study of the way budget deficits affect bond yields.

Although it is hard to detect a strong relationship between the two in the chart above, Goldman Sachs's Jeremy Hale calculates that "a 1 per cent increase in the budget deficit as a percentage of gdp will tend to increase gilt yields by 0.33 per cent."

The Goldman economists forecast public sector borrowing to rise by just over 2 percentage points of gdp by the 1993-4 financial year. That means, they say, that after adjusting for a few offsetting factors, the equilibrium yield on 10-year gilts this year should be between 9 and 9.3 per cent, compared with just under 8½ per cent today. Using this method, they add, "the gilt market currently appears as one of the least attractive of the world's government bond markets."

A chilly welcome, you might think, for Eddie George, the new governor of the Bank of England. Sterling weakened sharply on Thursday, and closed the

Serious Money

The fundamental approach to shares

By Philip Coggan, Personal Finance Editor

THESE are difficult times for savers. Interest rates have fallen across the board, and many will be looking for an alternative to building societies.

Gilts are one option, since many issues offer a higher yield than is available from cash. However, shorter dated issues offer yields of only six to seven per cent; and many medium-dated issues are trading above par, which means that investors are locking themselves in to a capital loss.

Investors might also be cautious about buying gilts at a time when the government is being forced to issue so many of them to cover a large, and growing, budget deficit.

What about equities? Many savers will have memories of buying at the top of the market in 1987 and will be cautious about repeating the same mistake, particularly as the FT-SE 100 index reached an all-time high on January 4.

So, it is worth a look at the fundamental ratios to see what they tell us. First the good news. Although both the FT-SE 100 and the FT-A All-Share have recently reached all-time nominal highs, they have not done so in real (adjusted for inflation) terms. On that basis, the All-Share is still below its levels in 1987 and 1989 and indeed, those achieved in the late 1960s and early 1970s.

Secondly, the yield ratio still makes shares look relatively attractive. This measures the relationship of gilt and equity yields - when the ratio is high, gilts are offering considerably greater returns than shares, and this often indicates that share prices are too high.

When the ratio is low, shares may be cheap. Experts argue about the usefulness of the ratio, but two recent examples illustrate its merits. According to Datastream, the ratio reached its low of 1.73 for the period 1979-83 on July 27 last year. Since

then, shares have risen by almost 20 per cent. The ratio's high for the same period was 3.46, achieved two weeks before Black Monday's share price crash. At the moment, the ratio is around 2, well below the 1976-83 average of 2.3.

If one compares the returns on equities and cash, shares also look relatively attractive. Again one can argue about the significance of this ratio, but if one uses three-month Libor to illustrate cash returns, this ratio reached its peak (for the period 1976-83) at the start of 1990. As then, one would expect 1990 proved a very good year to be in cash and a very bad year to invest in shares.

The current ratio is 1.56, well below the 1976-83 average of 2.3. In practice, this means it is now possible for top-rate taxpayers in the right pep to achieve a higher net return than they could achieve at most building societies.

BUT now the had news. The price-earnings ratio measures the relationship of share prices to corporate profits; the higher the ratio, the more expensive (in theory) share prices are. The ratio reached its 1976-83 peak (21 on the FT-A 500 Index) in the summer of 1987.

The p/e on the FT-A 500 is now 17.3, well above the 1976-83 average of 11.2. On that basis, share prices are expensive, not cheap. Bulls would argue that the UK is coming out of a recession and that profits will soon rise sharply. The historical p/e is thus irrelevant; it is future earnings that matter.

However, the UK was also coming out of a recession in the early 1980s; and historic p/e's were much lower then than they are now.

The dividend yield on the All-Share has proved quite a good guide to the attractions of shares over the years. On the plus side, it is currently higher than inflation (a rare occur-

rence over the last 25 years); on the negative side, at 4.4 per cent, it is lower than the historical average of five per cent, which has proved a good benchmark through high inflation eras and low.

So, what is the message of all these statistics? One certainly cannot say "shares are cheap; fill your boots". But history has taught Britons that it is unwise to ignore shares altogether. So the first choices for those who want to buy equities should be low-cost unit or investment trust savings schemes (to smooth out the highs and lows); or one of the many types of guaranteed products on the market. The latter can be complicated so read the small print.

● I have had considerable response to my article two weeks ago about Michael O'Higgins's stockpicking theory. Let me stress that this is no "magic" route to profits (no such thing could ever exist); and that, as one reader correctly pointed out, a portfolio of just five stocks must inherently involve more risk.

Just to restate the theory: it involves taking the 10 highest-yielding stocks in the index and, of those, selecting the five with the lowest share prices. The process needs to be repeated once a year, with old stocks discarded.

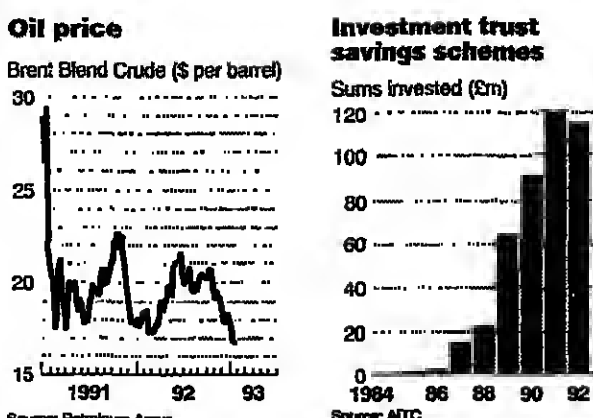
The FT-30 index which I used to provide a British counterpart to the Dow is less frequently updated than it used to be. A reader with a good database might want to test the theory using the FT-SE 100 index since launch.

The current constituents of the FT-30 are: Allied Lyons, Asda, BICC, BOC, BTR, Blue Circle, Boots, British Airways, British Gas, BP, BT, Cadbury Schweppes, Courtaulds, Forte, GEC, Glaxo, Grandmet, GKN, Guinness, Hanson, ICI, Lucas, Marks and Spencer, NatWest, P&O, Reuters, Royal Insurance, SmithKline Beecham, Tate & Lyle and Thorn EMI.

HIGHLIGHTS OF THE WEEK

	Price	Change	1992/93	1992/93	
	Yield	on week	High	Low	
FT-SE 100 Index	2781.2	+16.1	2281.5	2281.0	Base rate hopes.
FT-SE Mid 250 Index	2909.0	+18.4	2919.3	2157.8	Interest returns to FT-SE stocks.
Barclays	413	+39	416	274	Broker buy recommendations.
Brent Walker	16	+9½	16½	4	Betting shop opening hours.
British Aerospace	215	+30	379	100	Taiwan Aerospace deal.
Charter Consolidated	698	+49	698	467	Announced sell of JM stake.
Fortis	175	-7	262	112	Dividend concerns.
General Accident	581	+21	605	356	Hoare Govett buy note.
Reuters Holdings	1310	-71	1438	982	Caution ahead of figures.
Standard Chartered	653	+68	655	364	Broker buy notes/bid speculation.
Tadpole Technology	224	+46	239	73	Institutional buying.
Thames Water	474	-19	518	324	Directors shares option sales.
Vodafone	391	-23	434	285	FCN competition fears.
WPP	67	+10	115	31	S.G. Warburg recommendation.
Yorks. Tyne-Tees TV	134	+12	191½	110	Positive results.

AT A GLANCE



Oil market fails to react to air strikes against Iraq

Oil prices shrugged off the air strikes against Iraq. Two years ago, the aftermath of Iraq's invasion of Kuwait pushed oil prices to their highest in years but this time there was little effect on the market.

North Sea Brent crude for March delivery increased by about 30 cents a barrel on January 15, the day of the air strikes but ended the day unchanged at \$17.10 a barrel. The lack of activity underlines the weakness of the market. Prices have been depressed because of overproduction by Opec, with Brent crude falling by \$1 a barrel since the beginning of the year.

Fall in savings schemes

Investment trust savings schemes last year showed their first annual fall since the schemes began in 1984. The total amount invested through savings schemes for the year was £115.5m, down from £119.5m for 1991.

The Association of Investment Trust Companies attributed the fall in the year to poor stock market performance and lack of investor confidence because of the weak economy.

However, the final intake of £33.49m last quarter was strong. Lump sum investments accounted for most of this rise, totalling £21.72m, an increase of 87 per cent on the third quarter.

Chase de Vere's pep guide

Chase de Vere has produced a new edition of its Pep Guide which gives details of Personal Equity Plans available. The guide gives performance figures for unit, investment trust and single company PEPs, but not managed plans. The top performing unit trust PEP over the last three years was the St James's Place PEP Progressive with a rise of 81.2 per cent.

The guide is available for £9.95 from: PEPguide, Chase de Vere Investments, 63 Lincoln's Inn Fields, London WC2A 3JX.

Revenue may repay benefit tax

Employees who have paid tax based on more than the marginal or additional cost of their in-house benefits may be eligible for repayments. The Inland Revenue said this week.

These benefits include goods sold at a discount, services and facilities provided in-house, or business assets made available for employees' private use.

Smaller companies still rally

Smaller company shares resumed their rally this week. The County Small Companies Index rose 1.2 per cent, from 973.25 to 985.11, over the seven days to January 21; the Hoare Govett index (capital gains version) increased 0.8 per cent from 1251.67 to 1258.27 over the six days to January 20.

The FT Quarterly Review

A new tax year alerts in just over nine weeks, heralding the risk that the government may increase direct taxation or reduce the scope of tax shelters. It is therefore time for savers and investors to take advantage of tax-efficient vehicles still available, and to check that their finances are structured in the most tax-efficient way. The winter issue of the FT Quarterly Review of Personal Finance, to be published with next Friday's paper and repeated with Saturday's, in the UK only, offers a checklist of things to do with April 5 in mind. The review also includes a survey on Personal Equity Plans.

Wall Street

The money engine begins to lose power

IS WALL Street's earnings engine, which has been firing on all cylinders for the best part of the last two years, running out of fuel? After a record-breaking 1991, and an even better start to 1992, growth in broking-house earnings appears to have slowed in the final quarter of last year, judging by some of this week's results.

PaineWebber, the fourth biggest brokerage firm in the US, and Bear Stearns, another prominent Wall Street operator, reported earnings that told the same story. Revenues from stockbroking commissions were strong in the October-to-December period, but sizeable declines in revenues from investment banking, and smaller falls in proprietary securities trading earnings, meant that total profits for the quarter were lower than in the same period of 1991.

Although the disappointing final quarter did not completely take the shine off what was a remarkable 1992 for both firms, PaineWebber was sufficiently concerned about the outlook for this year to announce that it had begun a hiring freeze among admin-

istrators and support staff in an attempt to restrain costs.

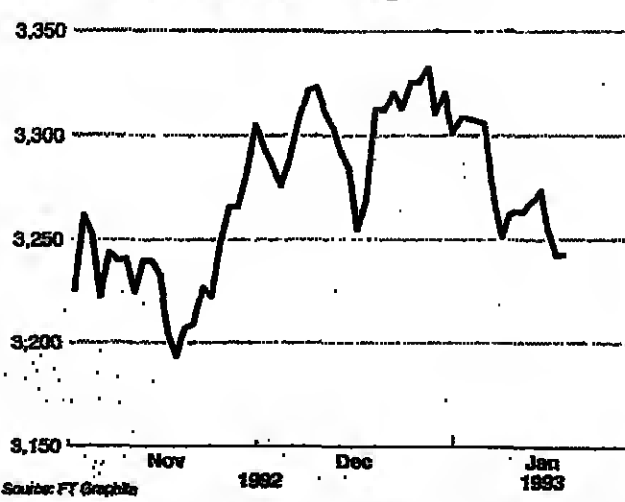
In both companies, the fall in investment banking earnings was primarily the result of a slowdown at the end of last year in the hectic pace at which new equities and bonds had been issued. Extremely strong corporate demand for underwriting services has been one of the key elements of Wall Street's two-year boom, so any sign that this demand may be waning is a cause for concern.

Investors, however, are being warned not to turn away from broking stocks just yet. If the first three weeks of 1993 are anything to go by, Wall Street's investment bankers are as busy today as they have ever been.

Keen to take advantage of a strong bond market, which has pushed interest rates to new lows, companies have been issuing debt in record numbers this year. As of January 21, companies had sold \$28.3bn of bonds, making it highly likely that the old monthly record of \$36.8bn, set in January of last year, will soon be eclipsed.

The rate of new issuance

Dow Jones Industrial Average



shows no sign of slowing down. On Thursday alone, Dean Witter, Discover & Co, this securities broking and credit card operation soon to be sold by retailing giant Sears, Roebuck, announced it intends to sell \$3bn of its debt securities. UAL, parent of United Airlines, filed plans to raise \$1.5bn through the sale of a variety of fixed-income and equity securities.

The fall in underwriting business in the fourth quarter of 1992, therefore, may turn out to have been a brief interruption of an upward trend.

Elsewhere in the financials sector, bank stocks were cheered this week by further evidence that the recovery in the US banking industry is now fully underway.

Citicorp, which came to symbolise the problems of the

banking sector, led the way with a profitable final quarter, which helped the group return to the black in 1992 after big losses the previous year. Expense reductions have played a vital part in Citicorp's revival, a point that was mirrored at other banks, such as Chase Manhattan and Chemical Banking, which unveiled strong fourth quarter earnings achieved in part because of effective cost cutting and restructuring measures.

Perhaps the clearest sign that the worst is over for the banking industry, however, came not from the big New York money centres, but from their counterparts on the Pacific coast.

BankAmerica, which recently completed its merger with fellow San Francisco bank Security Pacific, was reported to be close to reaching an agreement to sell as much as \$2bn in bad property loans to Morgan Stanley Realty Fund. Analysts said the transaction indicated that capital is finally returning to the beleaguered California property market, which bodes well for those west-coast banks

which have struggled in recent years under the weight of soured commercial property loans.

A few days later, shares in another California bank, Wells Fargo, took off after the group reported that its annual earnings had improved more than tenfold to \$283m. Investors rushed to buy the stock on the news, sending it soaring \$13 to \$99.

This week also included a stark warning to anyone who invests heavily in high-flying biotechnology stocks. The market capitalisation of Centocor plummeted more than 60 per cent in just one day after the company announced it was halting testing of its Centoxin drug, which is used in the treatment of an often-fatal condition called septic shock, because an unexpectedly high number of patients had died while using the drug in trials.

Patrick Harverson

Monday	3274.91	+ 3.79
Tuesday	3255.99	- 18.92
Wednesday	3241.95	- 14.04
Thursday	3263.02	+ 11.02
Friday		

The Bottom Line/Neil Buckley

Retailers miss that festive fun

THE FESTIVE season for retailers lasted little longer than the traditional 12 days of Christmas, if this week's official sales figures are anything to go by, but that does not mean investors should abandon the sector.

The prospect of chancellor Norman Lamont's hoped-for consumer-led recovery - from which retailers, naturally, would be the first to benefit - still seems distant. Most retailers believe consumers will not start spending any extra money they have acquired as a result of lower interest rates until they can be more certain of keeping their jobs, and the value of homes stops falling.

There is further anxiety about the possibility of an increase in VAT or national insurance contributions in the Budget in March. Recovery could also be slowed by an increase in retail prices, which many retailers are warning is imminent. They say they can no longer afford to carry the increased cost of imports after sterling's devaluation.

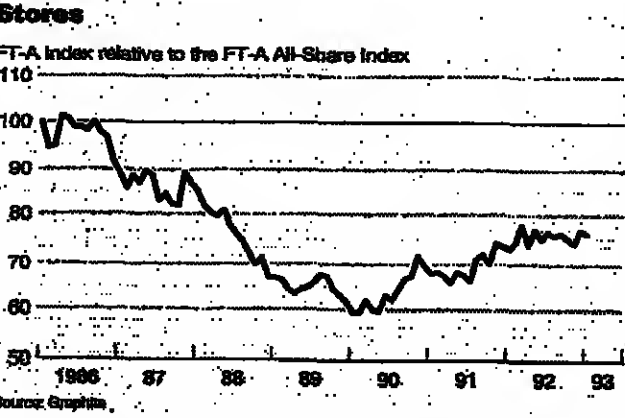
But while the sector is likely to continue to underperform

the stock market by between 12 and 20 per cent, it is unlikely to collapse. The earnings quality of some of the heavyweight stocks tends to support the sector at the bottom of this range.

For the cautious, stocks such as Marks and Spencer and Great Universal Stores offer the prospect of safe, steady growth. Some would include Kingfisher, W H Smith and Boots in this category.

However, analysts say there are other shares which could show greater growth potential, even if the economy does not recover, or picks up only slowly. Investors prepared to take some risks might decide to take profits on stocks like M and S and GUS and invest in some with more exciting prospects.

The stock widely seen as the hottest in the sector is Storehouse, owner of the BHS and



Mothercare chains. "Storehouse has a momentum all of its own in terms of recovery," says Kimlan Cook, stores analyst at County NatWest.

She adds that the new management, led by the American David Dworkin, has sorted out

Storehouse's balance sheet, disposing of the Habitat and Richards chains, and begun to transform the company into a clearly focused retailer. Moreover, Dworkin's reform process has just started in BHS, and could unlock huge untapped potential in Mothercare.

Feelings are more mixed about Burton, the fashion retailing group, which is also being shaken up by new management. Some believe this is another stock that could blossom whether or not the economy improves - although over a longer period than at Storehouse.

John Hoerner, chief executive, this month announced the loss of 2,000 full-time jobs but the creation of up to 3,000 part-time ones, in a wide-ranging rationalisation and cost-cutting programme. Observers are divided about whether even the experienced and tough-talking Hoerner can turn around a company with 10 different trading formats - some of which are looking distinctly tired. But with about £2bn turnover and among the lowest margins in the sector, the scope for growth is huge.

Other interesting prospects

are offered by the "quality cyclical", well-run companies whose fortunes tend to mirror very closely the general state of the economy.

MFI, as a furniture retailer and maker, is heavily dependent on a pick-up in the housing market. But with the highest operating margins in the sector, about 60 per cent, any signs of such a pick-up will have a sharp impact on its profits.

Argos, essentially a consumer durables retailer, also stands to gain strongly from any recovery in spending. Analysts say it is a well-managed company - one of the retailers best equipped to prosper.

Dixons, the UK's largest electrical retailer, continues to trade well in the UK. White goods could see a big upturn if the housing market improves. Concern over continuing losses at its Silo chain in the US deters some analysts from recommending it.

In the meantime, retailers will continue to pray for that recovery, and that next year's Christmas lasts longer than the last. There are, after all, only 280 shopping days to go.

هكذا من العمل

The lesson of hindsight: the best buys of 1988

THE ECONOMIC news may have been gloomy for some time, but investors have actually enjoyed quite good returns over the past five years. Interest rates have been high for much of the period, but equity-based products have also shown decent profits despite the impact of adverse factors such as the UK recession and the Gulf War.

The table shows that most commonly-held investments have managed to beat inflation and that a significant number of products have produced nominal returns of more than 50 per cent. It also may tell you what you should have invested in five years ago.

Tax efficiency helps - which is why, looking at the average figures, friendly society bonds and managed pension funds are top of the list.

The snag is that, though the percentage returns are high, it would have been hard to become rich out of a friendly society investment. The maximum monthly contribution into a friendly society in 1988 was 29 pence.

Also, friendly society rules

would stop you from realising an investment for another five years - you would only get back your premiums if you surrendered early.

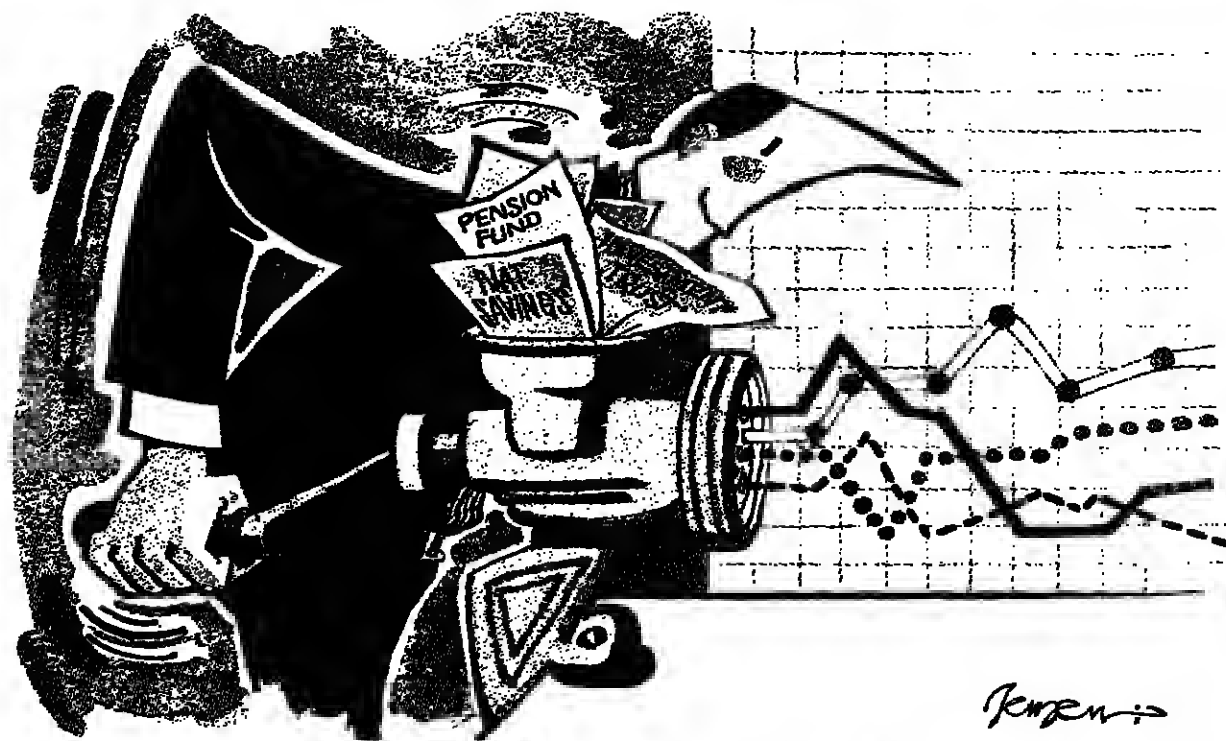
Pension funds also have strong tax advantages and the average figures look good. However, those who are about to retire may find that the recent falls in annuity rates offset their profits. Just

investments listed reflect the impact of basic rate tax only. Building society returns were not too far behind index-linked National Savings (at least for larger depositors) and were marginally ahead of unit trusts. The Cheltenham & Gloucester returns are net of basic rate tax and assume the investor switched from the Gold account to the London

and what with bid-offer spreads, brokers' commissions and stamp duty, the factors probably balance out. It is likely that many private investors will have struggled to beat the returns from the FT-SE 100 index or the All-Share.

Of the main markets, the best place to have picked in January 1988 was the US. The Dow Jones index more than doubled, in sterling terms, over the past five years, with more than a bit of help from the pound's decline against the dollar. The best way for a UK investor to take advantage was via a North American investment trust (up an average 174.3 per cent over five years) or a unit trust (up 117.5 per cent).

Most UK investors, however, stay close to home, and the average returns for all trusts are less impressive. Investment trusts look better than unit trusts in the table but savers should be aware of two important factors. The first is that investment trust returns are shown on mid-market to mid-market basis (with net income reinvested) and do not reflect the full bid-offer spread or brokers' commission. The unit



Philip Coggan on the most successful investments of the past five years

because they have a bigger pension fund, they will not necessarily get a bigger pension than they would have a year ago.

Elsewhere, what will strike many savers is that it was possible to get a very good return at minimal risk. Index-linked National Savings offered a healthy 66 per cent return and allowed the investor to sleep at night without any worries about safety. Indeed for top rate taxpayers, index-linked look even better in comparison; since several other of the

deposit account at the right time.

In January 1988, the Crash of October 1987 was very fresh in investor's minds. Few investors will have been venturing into equities at that time. Those who did take the plunge will have done moderately well, but not extraordinarily so.

We have included the stock market indices purely as a guide. They reflect capital gains only, and do not include the yield. On the other hand, they do not allow for any costs

trust figures (offer-to-bid with net income reinvested) take all charges into account.

The second factor is that the share price performance of many investment trusts will have benefited from a narrowing of the discount over the five-year period. With some trusts now standing at a premium to net assets, this factor is unlikely to recur - and may well work against investment

trusts over the next five years, if the discount starts to widen.

Of course, averages are all very well. The actual returns from investing in a unit or investment trust varied very widely from a gain of 306.5 per cent (from investing in the best unit trust - F&C US Smaller Companies) to a loss of 98.5 per cent (from the worst investment trust - Gresham House). Unit trust sector averages

are shown as the easiest way of indicating fixed interest returns - and reveal that, because of the pound's decline, the biggest profits were achieved overseas.

Finally, a word about single premium bonds. The average managed fund lagged behind the average unit trust; even though the hoods are measured on an offer-to-offer basis, giving them an advantage.

Although past performance is useful information, the chances are high, of course, that the comparative returns over the next five years will be completely different.

Figures were taken from Micro-pol and Finstat, except for the indices (from Datastream) or the building society and National Savings figures (provided by institutions concerned).

Five year performance

US market (Dow-Jones Industrial in £ terms)	111.3%
Average friendly society unit-linked policy	89.0%
Average managed pension fund	88.9%
FT-SE 100 index	68.2%
Average investment trust	65.9%
Index-linked National Savings	63.0%
FT-A All-Share	56.7%
C&G Gold Account/London (£10,000 deposit)	55.6%
Average unit trust	54.9%
Average International Fixed Int unit trust	52.5%
Fixed Interest National Savings	52.1%
Average managed unit-linked bond	49.3%
C&G Gold (£1,000 deposit)	41.9%
Average UK gilt unit trust	38.3%
Retail prices index	34.7%
Tokyo market (Nikkei-225 in £ terms)	-5.3%

Don't panic on executive pensions

SOME life companies think they have found a new way to sell executive pension plans.

The Inland Revenue has announced that the rules governing contributions to EPPs - available only to company directors and high-ranking executives - may be too generous. It is considering tightening them.

Several companies have used this as an excuse to push executives and companies towards taking out the schemes. They are acting prematurely. The Inland Revenue this week made it clear that no decisions had been reached; it is not yet clear that any change will be made. There is certainly no timescale.

The Association of British Insurers (ABI), which is in confidential talks with the Revenue on behalf of the pensions industry, has taken a similar attitude. A spokesman said: "It is quite clear that nothing has been decided. If anyone is putting about that things have been decided, that's wrong." Neither side denies that discussions are taking place, prompted by the Revenue's desire to tighten the rules.

The Revenue has been stirred into action by the high benefits that executives are able to earn: pension contributions can be set at a level amounting rather than a proportion of current salary, allowing young executives to put away huge proportions of their income. This was allowed because it was assumed executive salaries would rise significantly before retirement.

Under the current rules, a 30-year old starting an executive scheme can make contributions equal to 110 per cent of salary. This could be cut to 95 per cent. Individuals can also walk away from the schemes, taking their entire fund value with them. If they retire early or if the scheme is wound up, directors can take excessive benefits in retirement.

So the Revenue's disquiet is understandable. If, as seems likely, the regulations are tightened, it could pay directors and companies to set up schemes with high contributions sooner rather than later.

It is still unclear, however, what the new regulations would be. They could even be retrospective, making action now pointless.

Regrettably, this has not prevented some life offices from using the change as a chance to sell. For example, advisers Chamberlain De Broe received a mailshot from NPI headed:

"For You: A New Sales Opportunity."

It goes on: "As you know, the Inland Revenue is soon to impose dramatic new changes which will affect the method of funding for Executive Pension Plans and possibly Small Self-Administered Schemes too."

Mark Bolland, of Chamberlain De Broe, said: "We are getting tired of watching the industry deservedly earning its poor reputation by pushing something which a) might not be appropriate and b) might anyway be vitiated by the Revenue rules."

In a gloomy economic climate, committing yourself at the age of 30 to regular payments of more than you are earning could be dangerous. Companies are also advocating that people start regular premium contracts to establish an arrangement before the Inland Revenue can change the rules.

However, an inflexible contract that calls for regular premiums, at a rate which is in excess of your current salary, could soon impose an unwieldy strain. And Bolland notes that it is needlessly expensive. For a man earning £25,000, the maximum contribution could be £25,000, he says, generating a commission, if on a regular premium basis, of about £25,000 in the first year.

Insurance companies could charge for a regular contract on a single premium, rather than a regular premium basis. This would work out much cheaper for the investor.

Bolland admits that the schemes can be very tax-efficient, but only at the expense of flexibility. He says: "There are, no doubt, many companies that set up this type of scheme on high contributions in good times, before the recession, and have since found that cash flow has prohibited those levels of payments from being maintained. The bottom line is a profoundly detrimental penalty system."

Making contributions on a single premium basis, for younger directors, or, for those nearing retirement, a regular premium contract on a single premium basis, are sensible actions for those worried about the change in the pipeline.

If any brokers or salesmen try a more robust approach, remember that the Revenue is still not committed to doing anything at all, and that the ABI has said no decisions have been made and rebuked members for using the moves as a sales pitch.

John Authers

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*1992 Institutional Investor survey



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The Week Ahead

operating profits from £24.2m to around £18m to £20m.

Missys, the acquisitive computing services group led by former Hanson executive Kevin Lomax, is due to report its interim results on Thursday. Pre-tax profits are expected to increase to around \$5.3m from £3.59m a year earlier. The group has made a spectacular recovery since its disastrous

The January sales are critical for MFI Furniture Group, as the kitchen and bedroom are the retailer which floated last summer and which reports for the first time in its new form on Thursday. Although last year's January sales were strong, brokers think MPI could have beaten the numbers this year. As for the interim figures, by November 7, brokers are in the dark without comparable figures. Estimates are for a fall in

COMPANY NAME			
TAKE-OVER BIDS			
Company	Value of bid	Market	
bid for	share**	price	
			Prices in pence unless stated
Erode	129	125	
Do. Prt.	112	111 1/2	
Hunter Saphir	42	42	
Owner Abroad	113	116	
Do. Cny. Prt.	103	205	

*All cash offer. **Cash alternative. IPOs
 **Based on 2.30 pm prices 22/1/93. 9%

PRELIMINARY

Pre-

COMPANY NEWS SUMMARY

TAKE-OVER BIDS		
Company	Value of bid per share**	Market price
Prices in pence until		
Erode	129	125
Do. Prt.	112	111½
Hunter Saphir	42*	43
Owners Abroad	113	118
Do. Conv. Prt.	103	205

*All cash offer. **Cash alternative. 5For

**Based on 2.50 p.m. prices 22/1/83. 95

PRELIMINARY

Pre-

Company	Year to	Value
Aberdeen Tal	Sept	1,76
Central Motor Auction	Oct	83
Development Version	Sept	1,84
Energy Holdings	Sept	2,00
Dumas Group	Jan	670
Eurocamp	Oct	9,40
Eurotherm Int'l	Oct	14,60
First Philippine	Oct	1,60
FRG	Oct	31,800
Hawfin	Sept	1,04
Hill & Smith	Sept	3,32
Konick	Sept	12,500
Lee (Arthur)	Sept	2,95
London & Clydeside	Sept	40
London Scottish Bank	Oct	3,85
LAH Industries	Sept	2,81
PWS Holdings	Sept	2,25
RCD Holdings	Sept	1,72
Ryan Hedges	Oct/2	460
Scotsteel	Sept	35
St David's Inv Scot	Nov/5	1,30
TSB Bank Scotland	Oct	73,40

INTERIM S

Company	to
Abstract Scotland	Nov
Aerospace Eng	Oct

Casebook

THE INLAND Revenue, which is spend-

Photo-Inn Int'l	Oct	10,500	(6,700)		1.4	(1.8)
President Int'l Tel Serv Inc	Nov	5,327	(5687)	1.1	(1.9)	-
Real Time Control	Sep	251	388	0.52	(0.72)	-
Reprint Notes	Oct	3,258	(507)	-	-	-
Report Hotels	Sep	2,520	(2,929)	1.2	(1.2)	-
Rubicon Group	Nov	1,200	(1933)	1.5	-	-
SelectV	Dec	287	(178)	-	-	-
Ster Computer	Dec	55	(246 L)	-	-	-
Stavros Zigmatis	Sept	39	(24)	-	-	-
Telnet Group	Sept	427	(451)	4.0	(4.0)	-

[Figures in parentheses are for the corresponding period.] * Dividends shown net per share, except where otherwise indicated. † = First quarter dividend. # = First quarterly dividend.

RIGHTS ISSUES

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Dumas Group is to raise up to £2m via a share placing.
 Expediter is to raise £4.5m via a share placing.
 Shoptite is to raise £9.8m via a placing and a 1-for-9 open offer.
 Star Computer plans to raise £9.8m via a placing of 24.45m new shares at 40p.
 Triplex Lloyd has raised £35m via a private placing on the US capital market.

RESULTS DUE

Company	Announcement date	Dividend (p)*		
		Last year		This year
		Int.	Final	Int.
FINAL DIVIDENDS				
Allied Textile Companies	Wednesday	4.4	7.9	4.5
Cardiff Property	Thursday	0.85	1.55	0.85
City & County of London				

Derby Trust	Thursday	-	-	-
Domino Printing Sciences	Tuesday	-	-	-
Flamingo American Inv Tel	Tuesday	2.1	4.15	2.4
Greenstar Investment Co	Friday	0.5	0.75	0.35
Heritage	Friday	2.10	4.00	2.10
Lookers	Tuesday	-	-	-
Partridge Fine Arts	Monday	2.0	4.2	2.0
Princeside Group	Thursday	1.0	1.25	1.0
Richmond Oil & Gas	Monday	-	-	-
	Wednesday	-	-	-

Shawmut	Tuesday	1.18	1.18	-
Seafarers Group	Wednesday	3.2	5.3	3.5
St. Andrew's Trust	Monday	2.7	4.85	2.7
Stamps	Thursday	0.45	0.45	-
Templeton Emerging Mkts	Monday			
Warner Estate Holdings	Thursday	3.90	8.78	3.25
Witan Investment Co	Thursday	2.70	2.80	2.50
INTERIM DIVIDENDS				
Brandon Divs	Friday	n/a		

Budgens	Tuesday	0.1	-	-
Cantors	Tuesday	1.0	3.0	-
Dale Electric	Tuesday	2.0	3.1	-
Devine (DVI)	Wednesday	-	-	-
Dyson (N&J)	Wednesday	2.0	3.0	-
Emor Holdings	Friday	-	-	-
Elmbrook Properties	Friday	-	2.75	-
Farepak	Thursday	3.55	1.45	-
Goodhead Group	Friday	0.50	-	-

Tripart Investments Trust	Monday	0.4	0.75
Hong Kong Inc Tax	Monday	..	1.0
Independent Inv Co	Tuesday	..	0.5
Investors Capital Trust	Friday	..	1.275
Jury's Hotel Group	Thursday	..	1.275
Kilmont High Income Trust	Thursday	1.875	1.875
Korea Asia Fund	Thursday
Lieber & Co	Tuesday	..	0.1
Marineview	Friday	0.5	..
Nickay Securities

MTI	Phony	3.2	3.5
Mays	Thursday	.	.
Murray Smelter Markets Trust	Thursday	.	.
Murray Spill Capital Trust	Tuesday	2.27	3.83
Prison Leisure Corp	Wednesday	1.26	2.75
Property Int'l	Thursday	1.5	3.95
Probas Int'l	Thursday	.	.
Regin Property Trst	Thursday	.	.
	Friday	.	.

Unifac	1.06	2.1
Seattle (W H)	4.3	9.1
Unifac	3.75	2.10
Wholehouse Filings	3.23	8.47
Wiggins Group		
Wood (John D)	1.5	-
Tuesday		

*Dividends are shown net pesos per share and are adjusted for any intervening stock issues. \$ = 1st quarter figures.

Reports, and accounts, and not necessarily available.

board meeting to approve preliminary results.

هكذا من الكحل

BUILDING SOCIETY INVESTMENT TERMS

Name of Society	Product	£1000 Est	£1000 Risk	Rat	Rat G.A.R.	Interest Paid	Minimum Balance, £	Access and other details
Albion & Leicester								
	Brown 90	8.45	8.45	6.34	6.34	Ytd	Thred	£250,000/500,000/100,000
	Yess	7.75	7.75	-	-	Ytd	30	20 days withdrawal; 20 days
	Wilson	8.65	8.65	6.34	6.34	Ytd	Thred	£50,000/100,000/20,000
	Instant Access	8.45	8.45	6.34	6.34	Ytd	Thred	£5,000/10,000/2,000
Barnley (0226 733999)	Summit	7.50	7.50	5.63	5.63	Ytd	50,000	90 days notice; £10k for 1st 10 days
Barnsley (01924 739710)	Quadrant High Int	8.30	8.30	6.44	6.44	Ntdly	50,000	Instant access; 90 days
Bradford & Wharfedale	First Class Int	8.45	8.45	6.34	6.34	Ytd	100,000	Instant access; on demand
	Maximised First Choice	8.25	8.25	5.94	5.94	Ytd	50,000	Rate for balance of £100k; 1st 10 days
	Maximised Special Asset	8.00	8.00	5.35	5.35	Ytd	1,000	Instant access; 90 days
	Max First Reserve	7.00	7.00	5.25	5.25	Ytd	5,000	1st 10 days £10k; 1st 10 days
	Max High Risk Int	7.00	7.00	-	-	Ytd	1,000	1st 10 days £10k; 1st 10 days
	Max Reserve 2 Bond	7.00	7.00	5.85	5.85	Ytd	5,000	2 Year Bond
	Max Reserve 2 Bond	6.50	6.50	5.30	5.30	Ytd	5,000	Monthly income; 7.5% gross
Bristol & West (02922 92921)	Select	6.30	6.30	4.75	4.75	Ytd	50,000	Inst. Access, 10 days
	Select	6.10	6.10	4.50	4.50	Ytd	25,000	Instant access; 10 days
	Select	5.60	5.60	4.20	4.20	Ytd	10,000	Instant access; 10 days
	Select	4.90	4.90	3.60	3.60	Ytd	2,000	Instant access; 10 days
	Select	4.40	4.40	3.10	3.10	Ytd	1,000	Instant access; 10 days
	Select	4.50	4.50	3.30	3.30	Ytd	1	Instant access; 10 days
	High 30	7.25	7.25	5.44	5.44	Ytd	100,000	High interest with only 30 days notice
	High 30	6.70	6.70	5.00	5.00	Ytd	500	High interest with only 30 days notice
	Investment	9.40	9.40	7.60	7.60	Ytd	25,000	High interest with only 30 days notice
	Invest 2	8.70	8.70	6.50	6.50	Ytd	5,000	High interest with only 30 days notice
	Investment Bond	7.50	7.50	5.63	5.63	Ntdly	30,000	High interest with only 30 days notice
	1995 Bond	7.00	7.00	5.25	5.25	On Maturity	100,000	High interest with only 30 days notice
	1st Choice	8.00	8.00	6.00	6.00	Annually	100	High interest with only 30 days notice
Cheltenham & Gloucester (0800 712905)	London Property Acc	8.00	8.00	6.00	6.00	Ytd	25,000	High interest with only 30 days notice
Cumbria (0203 252227)	Golden Tree Site	7.75	7.75	5.81	5.81	Ytd	25,000	High interest with only 30 days notice
	90 Day	7.50	7.50	5.61	5.61	Ytd	40,000	High interest with only 30 days notice
	Instant Refill	7.10	7.10	5.32	5.32	Ytd	40,000	High interest with only 30 days notice
	New Year Plan	6.80	6.80	6.50	6.50	Ytd	40,000	High interest with only 30 days notice
	Fixed Rate (3m)	8.70	8.70	6.82	6.82	Ytd	40,000	High interest with only 30 days notice
	(Unfixed Edition)	8.00	8.00	6.00	6.00	Ytd	100,000	High interest with only 30 days notice
Halifax	Freedom Xtra	8.65	8.65	6.49	6.49	Ytd	50,000	High interest with only 30 days notice
	Freedom Xtra	8.35	8.35	6.26	6.26	Ytd	25,000	High interest with only 30 days notice
	Freedom Xtra	8.00	8.00	6.00	6.00	Ytd	10,000	High interest with only 30 days notice
	Investment	8.27	8.27	6.37	6.37	Ytd	10,000	High interest with only 30 days notice
Leeds & Holbeck (0532 405511)	Capital Bond	7.95	7.95	5.96	5.96	28 April	100,000	High interest with only 30 days notice
	Capital	8.00	8.00	-	-	31 Dec	1	High interest with only 30 days notice
	Fixed Access	7.50	7.50	5.91	5.91	31 Dec	100,000	High interest with only 30 days notice
	Fixed	7.80	7.80	5.80	5.80	Ytd	50,000	High interest with only 30 days notice
	Fixed	7.55	7.55	5.45	5.45	Ytd	100,000	High interest with only 30 days notice
	Liquid Gold	6.30	6.30	4.76	4.76	Ytd	25,000	High interest with only 30 days notice
	Money Gold	6.15	6.15	4.61	4.61	Annually	100,000	High interest with only 30 days notice

* For treatment seed from University, source of disease from this. GRN = Annual yield after infection compensated. 232/25

Journal of Management Studies, 19(6), 701-718.

14. *Journal of the American Medical Association*, 273:1211-1212, 1995

(continued)

end of the policy to reflect *John Authers*

Journal of Management Studies, 36(7), 809-826.

How the wealthy take money from the state

ARBITRAGE. THE art of trading at different prices in different markets, is one of the oldest games played by financial wheeler-dealers.

Now, the UK's Inland Revenue is falling victim to the same trick. The Business Expansion Scheme, introduced as a tax incentive to encourage the wealthy to risk investing in small enterprises, has become a device to help banks and top-rate taxpayers to take slices of the state's money.

In the process, it has also converted a significant part of the UK's damaging stock of repossessed housing into private rented accommodation. This is good news for the homeless and for homeowners in houses where values are dropping. But whether the government intended the windfall for top-rate taxpayers to be so generous is another matter.

When the arbitrage scheme is finely tuned, it works as follows: an institutional lender (usually a bank) floods itself with a large stock of repossessed housing; dumping it on

to the market at current values would increase its loss.

Instead, the bank sets up a BES company which takes control of the property. That company must then rent out the property under "assured tenancy" regulations for five years to qualify for BES relief. The bank covenants to buy back the property at the end of five years, at a price only

is on a "non-recourse" basis, so the BES shares themselves offer the only security which the banks can use.

So investors can leave the investment, for a profit, after only six months. Meanwhile, the banks have received £1 and paid out only 72p for it. Both sides have thus profited handsomely from the relief.

Non-recourse schemes were

long term, the attractions of non-recourse schemes are undeniable. Most schemes launched so far have been oversubscribed within a week, and many investors have put money into the BES for the first time.

But this creates dangers. Bank-guaranteed non-recourse loan schemes genuinely have a low level of risk. But many other schemes launched in the next 12 months will not be so watertight. Others will be highly speculative.

Some schemes, mainly involving universities, offer a "guaranteed" return after five years. These returns will usually be greater than those on offer after five years in schemes which offer a six-month loan, so they might be preferable if the five-year term is not a problem. In many cases, these schemes are guaranteed only by the universities themselves, so the credit risk is greater than for a bank-backed scheme.

Other "entrepreneurial" schemes make no guarantee, and simply aim to profit as much as possible from any



gain in the property market. They have unlimited potential growth, but no safeguard against a continued decline.

Schemes launched this week demonstrate the differences: Flexit, sponsored by Richard Ellis Venture Consultants, has exit arrangements backed by the Royal Bank of Scotland. The loan available after six months is high, at 74p for every £1, but the return after

five years is only 105p. It will purchase new homes for Fairclough Homes, a subsidiary of AMEC, and is not involved in repossessions.

The Ridings Companies, sponsored by Capital for Companies, will buy new houses from the developers Tay Homes and Persimmon. A non-recourse six-month loan of only 71p per £1 has been underwritten by the Bank of Scotland, but 105p

per share has been guaranteed at the end of five years.

Pathfinder Repossessions II, backed by Johnson Fry, is returning to the market. As its name implies it will buy repossessed property, in London. However, it offers no guarantees. The aim is to make as much money as possible, but this would be vulnerable to a weak property market, or to any mistakes by managers.

Capital Prime Properties, also sponsored by Johnson Fry, is a hybrid. It is offering loans at the rate of 60p per £1 invested after six months. These loans are not repayable until the end of the five-year BES period, but they are on a full recourse basis - if the property market does not recover, you will have to pay more at the end of five years. If it does, you could make a profit.

John Authers asks if a device to help banks take slices of the state's money is supposed to be so generous

slightly in excess of that paid.

Meanwhile, investors buy shares in the BES at £1 a time. Thanks to BES tax relief, they receive 40p in tax relief, if they pay top-rate tax, so they have effectively only invested 60p.

Six months later, the bank offers a loan against the BES shares of 72p for every £1 share. That represents a substantial mark-up over six months for someone who has only parted with 60p. The loan

first introduced in September last year and have proved popular. Banks involved included Barclays, TSB, and Bank of Scotland.

The Inland Revenue, meanwhile, is allowing both banks and wealthy investors to make some very easy money. Basic rate taxpayers, who effectively invest 75p per £1, cannot benefit from this trick.

For those not prepared to lock their money away for a

Directors' transactions

THE sharp increase in boardroom activity this week has been dominated by directors' sales. With the FT-SE 100 index pausing for breath, directors have taken advantage of share prices often standing at record levels.

Faber Prest's mixture of specialist services has proved an effective defensive combination. The share price, reflecting the improving profit figures, has risen from 150p in May 1991 to the current level of 380p. Chairman Richard Prest has sold 155,000 shares at 377p. He remains the largest shareholder on the board.

Dalepak Foods had a mixed year so far as share price performance is concerned. Interim profits were marginally lower

than last year and the chairman's statement suggested the final year outcome would be broadly similar. The interim announcement was accompanied by details of sales by four directors, including Christopher Ivory, chief executive. In total, they sold 100,000 shares at 315p, but each of the directors is left with a residual holding greater than 100,000 shares.

Property shares have enjoyed a good run since Black Wednesday but Peter Levy, chairman of Shaftesbury, has not been deterred; he bought 105,000 shares at 47p. At the same time Neil Benson, a non-executive director bought 20,000 shares, also at 47p.

Angus MacDonald, Director Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Bellway	C&C	73,788	242	1
Bespak	Flth	5,000	31	1
Betterware	Sior	100,000	233	1
Bradford Property	Prop	10,000	16	1
Concentric	EngG	3,000	12	1
Dalepak Foods	FdMa	100,000	315	4
Faber Prest	Misc	155,000	584	1
Great Portland CULS	Prop	150,000nom	147	1
Henderson Admin	OffH	2,000	17	1
Laird Group	Motr	57,850	259	1
MacTechnic	Othl	20,000	79	1
Neotronics Technig	Elcs	15,000	24	1
Rank HovisMcDougall	FdMa	65,300	185	2
Rathbone Bros	OthF	35,000	89	1
Reed International	Med	65,000	410	1
Savills	Prop	100,000	38	1
Seton Healthcare	Hth	50,000	163	3
Sheldon Jones	FdMa	150,000	72	1
Tibbitt & Britten	Tran	25,000	159	1
Tomkins	Cong	757,000	1,892	1
Trinity Intl	Med	4,303	15	2
TT Group	EngG	855,000	1,578	2
Wassall	Cong	1,635,748	3,370	3
Yule Catto	Chem	10,000	27	1
PURCHASES				
Allied Leisure	H&L	480,000	114	1
Babcock Intl	EngG	50,000	18	1
Burdens Intv	Motr	7,275	27	1
Cullin's Holding	FdRe	189,333	21	2
Eastern Electricity	Eley	9,900	42	1
Elliott (B)	EngG	85,316	50	1
Scot National St Pl	InTr	7,800	12	1
Shaftesbury	Prop	135,000	63	3
Southern Radio	Med	652,740	326	1
Thompson Clive Intv	InTr	23,600	29	3
TT Group	EngG	1,193,458	1,993	7
Wassall	Cong	48,368	102	1
WPP	Med	100,000	55	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 11-15 January 1993.

Source: Directors Ltd, Edinburgh

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- 1992**
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 - Unit Trust Manager of the Year: The Observer
 - Overall Unit Trust Group of the Year: The Sunday Telegraph
 - Large Unit Trust Group of the Year: The Sunday Telegraph
 - Fund Manager of the Year (International Manager): The Sunday Telegraph
 - Large Unit Trust Group of the Year: Money Magazine
 - Best Unit Trust of the Year
 - American Smaller Companies Fund: Money Observer
 - Best American Trust of the Year
 - American Smaller Companies Fund: Money Observer
- 1991**
 - International Unit Trust Manager of the Year: The Sunday Times
 - Medium Size Unit Trust Group of the Year: Money Magazine
- 1990**
 - Best UK Balanced Trust (High Income Fund): Mirocap
- 1989**
 - International Unit Trust Manager of the Year: The Sunday Times
 - Unit Trust Manager of the Year: The Observer
- 1985**
 - Unit Trust Manager of the Year: Money Magazine
 - Unit Trust Group of the Year: The Observer
- 1984**
 - Smaller Unit Trust Group of the Year: The Sunday Telegraph
- 1981**
 - Best Income Trust (Income Fund): Money Observer

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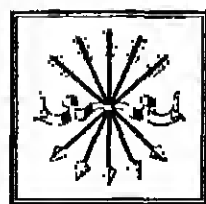


* Based on a December 1992 Fidelity survey of 4 European brokerages. This advertisement is issued by Fidelity Brokerage Services Limited, member of the London Stock Exchange and the SFT.

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THERE IS a distinct family air about the Lowland Investment Company, which is managed by the Henderson Administration group.

The trust derived its name from the Henderson family's origins in the lowlands of Scotland. Its largest investment is in the Henderson management group (4.6 per cent of the portfolio as of September 30), and Lowland's largest shareholder (with a 23 per cent stake) is Witan, another Henderson-managed trust.

The current manager of the trust is James Henderson, a member of the founding family, and eldest son of Lord Farington, chairman of Witan Investment Trust. Henderson, 31, who studied economics at Pembroke college, Cambridge, took over the trust management in mid-1990.

Lowland was founded in 1963 as a means of giving younger fund managers within the Henderson group a trust to look after. Raymond Cazalet, the current chairman, was the first manager to take the helm.

These familial links have brought success. Lowland produced the third best share price performance of all investment trusts over the last ten years, with a rise of 735 per cent. Share price performance figures can be distorted by the effect of discounts but the trust is also top of its sector (UK income growth) in terms of net asset value growth over the same period.

The objective of the trust is to produce an above-average dividend, which increases over time. James Henderson says his investment approach is to look for companies which can produce income growth, rather than opting for the ultra high yielders. He searches for companies with undervalued assets and earnings and ends up with some of the duller stocks that have not been in the headlines.

Compared with TR City of London (profiled last week) the trust has a much greater concentration on the medium and smaller companies sectors. Only 40 per cent of Lowland's portfolio is in FT-SE 100 Index stocks, while 30 per cent is in medium-sized companies and 30 per cent in smaller.

This concentration, says Henderson, has played a crucial part in the trust's success over the last decade. "We've had exposure to the medium and smaller companies without being completely committed to them," he says.

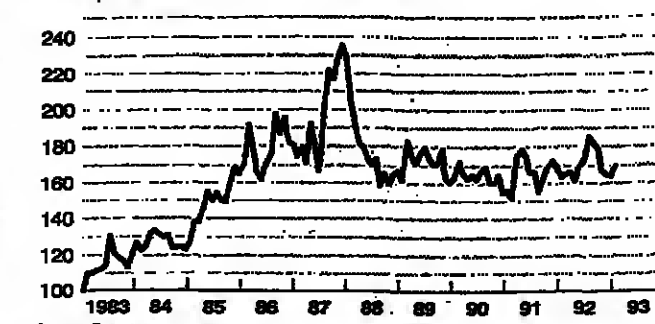
The trust's ten largest stakes are: Henderson, British Gas, British Airways, National Power, Prudential, Boots, GKN, Thames Water, Morgan Crucible and A&A. In terms of sectors, the trust currently has a heavy weighting in capital goods (29 per cent versus the All-Share weighting of 13 per cent). The rest of the portfolio is split 20 per cent consumer, 19 per cent financial and 32 per cent other groups.

Although the trust is in the UK income sector, around 9 per cent of the portfolio is in Europe; but since getting income would be a problem if the portfolio had too heavy an overseas exposure, the trust is unlikely to put more than 25 per cent overseas.

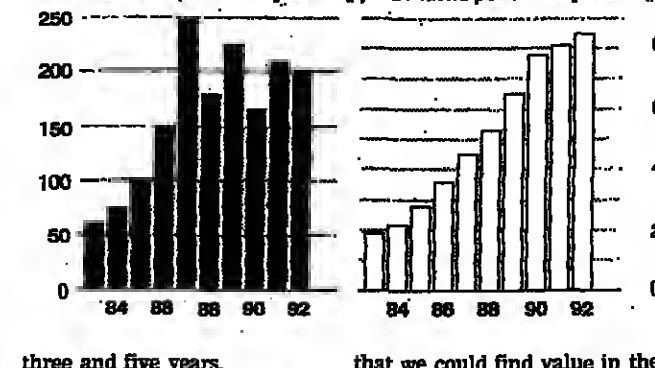
The trust's short term performance has been slightly less impressive than its 10 year record: as the graphs show, net asset value fell sharply in 1988 and 1990. Lowland has produced a slightly below average performance for its sector over

Lowland

Share price relative to the FT-SE All-Share Index



Not asset value per ordinary share (p) Dividend per ordinary share (p)



three and five years.

Currently the fund is taking a rather aggressive approach. It has a 15 per cent gearing level, having borrowed £8m of debentures and bank facilities of £4m (when a trust gears up, it hopes that equity returns will more than make up for the cost of borrowing money). "This is the highest gearing we've had for a bit," says Henderson, "over the last year, we became increasingly confident

that we could find value in the medium term."

Analyst Hamish Buchan of County NatWest says Lowland is a much smaller trust than TR City and the shares are tightly held, with around 70 per cent of the equity in Henderson or Cazenove-related hands. "This restricts liquidity," says Buchan but this is not too much of a problem for private investors.

Buchan says Lowland is "a

sound and solid security for the individual", although he adds that the trust has been trading at a small premium to its asset value.

Normally when investment trust shares go to a premium, investors start to look for alternative funds which are at a discount. However, Lowland's portfolio may benefit if the much awaited smaller company revival finally occurs.

Key facts. The trust has net assets and a market capitalisation of around £54m, as of January 21. The net asset value was 230.7p, almost equal to the share price of 231p. The dividend yield is 4.9 per cent. The annual management charge is 0.4 per cent.

Board. The board includes one Henderson employee, Richard Smith, who was the manager of the trust until 1990, and is still the managing director. The chairman is the first manager Raymond Cazalet, a former chairman of the Association of Investment Trust Companies; other directors are John Morrell, who is also a director of Law Dehnture; John Kemp-Welch, a Cazenove partner; and Peter Troughton, a director of W H Smith.

Savings scheme and Pep details. The minimum monthly investment for both the savings scheme and the personal equity plan is £100, with £2,000 for lump sums. There is a 1 per cent fee on both purchases and sales and an annual fee of £20. "According to figures from the Association of Investment Trust Companies,

The myth of 90-day accounts

Scheherazade Daneshkhu on building society rates

HIGH RETURNS and convenience are usually the two most sought after attributes of a bank or building society account.

Depositors are required to follow a few simple principles to obtain the higher returns - the larger the amount of money deposited and the longer the capital is left untouched, the greater the rewards.

Ninety-day accounts operate on this principle. The building society finds it cheaper to administer accounts which do not have a large number of transactions. In theory, they are able to pass this saving on to the depositor in the form of higher rates.

The snag for many investors is that the higher returns come at the expense of reduced accessibility to their money. Unless 90-days notice is given, the saver suffers 90 days loss of interest.

This is not a problem if money is not needed in a hurry, but three months can be a long time to plan ahead and foresee financial needs. And if a good return becomes available, for example, in the form of a competitive guaranteed product, it can be a big disadvantage to forego the 90-days interest in order to be able to get funds out before the offer closes.

But is it even true that 90-day accounts pay the highest returns? The tables show the

Highest 90 day rates

Building society	Account	Minimum deposit (£)	Rate (%)
Scarborough	Scarbo' Ninety 3	500	7.25
Tipton & Coseley	Investment share	500	7.00
Teachers	Minister 90	1,000	7.45
Scarborough	Scarbo' Ninety 3	1,000	7.25
Teachers	Minister 90	5,000	7.45
Scarborough	Scarbo' Ninety 3	5,000	7.25
Hatfield	Premium Extra	10,000	7.75
Alliance & Leic	Bonus 90	10,000	7.60
Scarborough	Scarbo' Ninety 3	25,000	8.50
Alliance & Leic	Bonus 90	25,000	7.90

Source: Moneyfacts. Bonus of 0.25 per cent if no withdrawals in a year. Bonus of 0.5 per cent if no withdrawals in a year

highest rates currently available on 90-day, postal and instant-access accounts, on amounts of £500, £1,000, £2,500 and £10,000.

A comparison of the rates on postal and 90-day accounts shows that 90-day accounts do not always pay the highest rates. Birmingham Midshires matches the 7.25 per cent gross rate paid by Scarborough's 90-day account on £500. The best of the 90-day rates are higher on £1,000 than the postal accounts, but the postal accounts beat 90-day rates on amounts of £5,000, £10,000 and £25,000.

For example, the two highest 90-day rates on £10,000 are Halifax (7.75 per cent gross) and Alliance & Leicester (7.60 per cent gross). Both rates are beaten by postal account rates on not only the £10,000 tier but also on £5,000. Skipton and North of England are paying 8.35 per cent gross and 8.20 per cent gross on £5,000, while rates on £10,000 are 8.45 per cent gross at North of England and 8.3 per cent gross from Northern Rock.

As postal accounts are administered centrally, costs are lower than for accounts operated through a branch network. Low overheads and a smaller staff allow competitive

rates to be passed on to the depositor.

The accounts are advertised as instant-access, meaning that notice does not have to be given for withdrawals, but they are not instant in terms of ready accessibility to the cash.

With most postal accounts, it will normally take a week before you have the funds. If you send off a withdrawal request on a Monday, the earliest you could hope to receive a cheque is on Wednesday. It will then take at least three working days for the cheque to clear, so usually you will not be able to draw cash until the following Monday. However, it should be remembered that most instant access branch accounts also require notification for large withdrawals.

The tables show that rates on 90-day accounts are higher than those on instant-access branch accounts. The rates are 1.25 percentage points higher on all tiers, apart from £1,000, where the difference is fractionally higher at 1.45 points.

Those with 90-day deposits should check the rates they are being paid and consider moving over to postal accounts which will allow them higher rates and much faster access to their money.

Highest postal rates

Building society	Account	Minimum deposit (£)	Rate (%)
Birmingham M'shires	First class	500	7.25
Scarborough	First post	500	6.80
Norwich & Peterboro'	Postmaster	1,000	7.00
Bradford & Bingley	Direct Premium	1,000	6.55
Skipton	Money Post	5,000	6.35
North of Eng	Edinburgh	5,000	8.20
North of England	Go Direct	10,000	8.45
Northern Rock	Go Direct	10,000	8.30
Skipton	Money Post	25,000	6.80
Northern Rock	Go Direct	25,000	6.55

Source: Moneyfacts. Rate fixed to 11/4/93

Highest instant access rates

Building society	Account	Minimum deposit (£)	Rate (%)
Portman	Instant access	500	8.00
City & Met	City Gold	500	5.75
Portman	Instant access	1,000	6.00
Teachers	Minister Spire	1,000	5.80
Teachers	Minister Spire	5,000	6.20
Portman	Instant access	5,000	8.00
National Counties	Instant access	10,000	6.50
Chelsea	Instant Option	10,000	6.25
Manchester	Super Access	25,000	7.25
Birm M'shires	Quantum Instant	25,000	6.75

Source: Moneyfacts

CGT allowances

THE TABLE shows capital gains tax (CGT) allowances for assets sold in December. To use it, multiply the original cost of the asset for the figure shown for the month in which you bought it.

If you subtract the result from the proceeds of your sale, the result will be your taxable gain or loss.

Suppose that you bought some shares for £3,000 in September 1983 and sold them in December 1992 for £18,000. Mul-

tiplying the original cost by the September 1983 figure of 1.618 gives a total of £12,944.

Subtracting that from the proceeds of £18,000 gives a capital gain of £5,056, which is below the 1992-93 CGT allowance of £5,800. If you realised no other gains during the year, the profits should be tax-free.

If you sell shares bought before April 6 1982, you should use the March 1982 figure. The RPI in December was 139.2.

CGT INDEXATION ALLOWANCES: DECEMBER

Month	1982	1983	1984	1985	1986	1987
January	-	1.685	1.603	1.526	1.446	1.392
February	-	1.678	1.596	1.514	1.441	1.386
March	1.752	1.675	1.591	1.500	1.439	1.384
April	1.714	1.622	1.570	1.489	1.425	1.367
May	1.705	1.645	1.565	1.482	1.423	1.368
June	1.701	1.641	1.561	1.479	1.423	1.368
July	1.700	1.632	1.562	1.482	1.427	1.367
August	1.700	1.625	1.548	1.458	1.423	1.363
September	1.701	1.618	1.545	1.459	1.416	1.359
October	1.692	1.612	1.535	1.456	1.414	1.353
November	1.684	1.595	1.531	1.451	1.402	1.348
December	1.687	1.602	1.532	1.449	1.397	1.348

Month	1988	1989	1990	1991	1992
January	1.348	1.254	1.165	1.086	1.027
February	1.342	1.245	1.158	1.083	1.021
March	1.337	1.240	1.147	1.069	1.018
April	1.316	1.218	1.113	1.046	1.003
May	1.311	1.210	1.103	1.043	1.000
June	1.306	1.206	1.099	1.038	1.000
July	1.305	1.205	1.098	1.040	1.003
August	1.290	1.202	1.087	1.038	1.002
September	1.284	1.194	1.077	1.034	1.000
October	1.271	1.185	1.068	1.030	1.000
November	1.265	1.175	1.071	1.027	1.000
December	1.262	1.172	1.072	1.026	-

Source: Inland Revenue

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FINANCE AND THE FAMILY

Only a niche position

FOR BREADTH of choice, the "international balanced" unit trust sector offers more opportunities than any other.

A quick look at their specifications shows why. According to the Unit Trust Association, these funds "have less than 80 per cent of their portfolio invested in either equities or fixed interest securities".

Geographical areas are not mentioned. Fund managers, provided they keep a balance, can invest in virtually any security, anywhere in the world, which they believe will perform well. Such funds may be the unit trust world's answers to the steadily galleons of the "international general" investment trusts, which have broadly spread international assets.

Managers face a different challenge from that in most other sectors. Usually their remit is tight. They must stay in, for example, UK smaller companies, even if they think these companies will underperform. Outperformance comes from superior stock selection.

In the international balanced sector, asset allocation, not stock selection, is the determining factor. Ideally, they will ride with the best-performing asset of the moment, switching when necessary, and avoiding sharp changes or speculative moves by retaining balance.

The only trust with a ten-year record, Gartmore Global Income & Growth, appears to have delivered this, with growth of 538.45 per cent over ten years according to Microcap (offer-to-bid, with income reinvested). The powerful UK equity market performance of the mid-1980s lies behind much of this, while more recently holdings in Far Eastern equity markets and in international

bonds have kept the fund growing at a respectable, if more sedate, rate.

Its asset allocation at the beginning of the year included a wide mix, with 79 per cent in equities - 19 per cent in the UK, 10 per cent in continental Europe, 5 per cent in Japan, 27 per cent in the US and 18 per cent in the Far East and in emerging markets. There is a 4 per cent UK cash holding, and Gartmore also holds European, Japanese and American bonds.

This reflects the "top-down" asset allocation which the company also uses for its segregated pension funds. This dictates being overweight in emerging markets, the UK and

during 1992.

Whittingdale has built its reputation as a gilt manager, and does not wander far into the equity markets. However, the fund, occasionally, has held equities over the last few years.

Look to the third strongest performer, The Master Portfolio, managed by Capel-Cure Myers, and yet another world asset allocation view emerges. Capel-Cure has 52.5 per cent in UK equities, 15 per cent in Europe, 15 per cent in the US, and 17.5 per cent in cash and bonds.

This diversity means that investors looking for a trust must also adopt a different

Challenger wants to be treated as a "benchmark" for other funds. So there might appear to be some sense in having a heavy international balanced holding, to be complemented by smaller holdings when they seem necessary. Interest has increased in recent years among managers, with 18 funds launched in the last five years, so there is now choice.

But choosing a fund is difficult because they vary so widely. Anyone willing to do some rudimentary asset allocation of their own - or with a portfolio manager prepared to do it - can switch into sector funds managed by companies with strong stock selection expertise in that area. Good asset allocators may not have access to the best stock-pickers.

International balanced funds work better than funds of funds (which have only managed 39.11 per cent growth over five years) at giving customers the best of all worlds, and Gartmore's 10-year figure shows their potential strength in the long term.

But they look weak by comparison with the grand old ladies of the international general investment trust sector. Over the same five-year period when international balanced unit trusts rose 54.91 per cent, on average, Law Debenture managed 166.8 per cent, Bankers 164.46 per cent, Alliance 159.39 per cent, and Second Alliance 155.09 per cent. The average for the sector was 119.11 per cent.

The erosion of investment trust discounts will have exaggerated these figures, but they suggest the old dependables might provide a stronger foundation for a portfolio. The international balanced sector has a place, but only as an add-on to investment trusts.

John Authers says the international balanced unit trust sector has a place - but you need to know where

the US, and underweight in Japan and Europe.

Whittingdale Challenger, second over five years, could hardly present a greater contrast. It holds no equities at all, and is split between cash and bonds. Roughly 70 per cent of the fund is in gilts (UK government bonds), and the managers are in the process of reducing exposure to the dollar and moving in to French francs and bonds. It went overweight in the dollar last year, enabling it to log 22.42 per cent growth

approach. Most managers try to make these trusts the potential bedrock for a portfolio, which will handle clients' asset allocation for them.

For example, the Master Portfolio is intended to mirror the portfolio which would be established for an investor who came to an investment house with £1m to invest, according to Kenneth Levy of Capel-Cure Myers. Its minimum investment, of £50,000, is in line with this ambition.

Similarly, Whittingdale

Best performing international balanced funds over five years

	% growth
Gartmore Global Income & Growth	79.02
Whittingdale Challenger	72.54
The Master Portfolio	55.53
Marlborough Managed	45.13
Royal Life International	38.73
Cautionary	38.73

Best performing international balanced funds over three years

	% growth
Stewart Ivory Managed Equity	43.4
Whittingdale Challenger	36.97
Gartmore Global Income & Gth	30.22
Marlborough Managed	25.37
Mercury Portfolio	19.89
Average	18.75

An unkind cut

WITHOUT any approach or warning whatsoever, my next door neighbour has informed me by letter that branches from my tree have caused damage to his garage roof and that he has had this repaired and cut my branches. He informed me that he would be sending me the bill for this work which he hoped I would pay promptly.

I replied denying responsibility, saying that I had notified for many years a tile missing from his garage roof, and that this had been caused by storm and I refused to pay. I also mentioned it would have been neighbourly for him to have spoken to me previously. Incidentally, the adjoining houses, including my accusing neighbour's, all have roof tiles

missing now or have had replacements, because, I assume, of weather conditions.

My neighbour has now sent me an account for £55 showing replacement of approximately seven tiles, securing six tiles and cutting my branches.

My gardener says the branches would not have lifted off roof tiles or damaged them as they tend to grow away from the tiles. My neighbour also asks me to cut back branches overhanging his property at another part of our common boundary. What is your advice?

■ Your tree will have caused both a trespass and a nuisance to the extent that branches have grown across the boundary with your neighbour. If your neighbour can prove that the damage of which he complains was caused by those

branches, he is entitled to require you to pay for the repair. This is ultimately a question of fact. Your neighbour can require you to cut trespassing branches, and can cut them himself if he wishes; but he cannot charge you with the cost.

My aunt's estate

When my aunt died many years ago she left her estate in trust to pay the income to a friend for the remainder of her life and, on her death, equally between her nephews and nieces. The will did not include a non-apportionment clause.

The life tenant died on June

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in this column. All enquiries will be answered by post as soon as possible.

2 1992 and the trust investments were sold soon after, including useful holdings in Guinness and Shell. Both these companies had then just paid their 1991 final dividends, which were properly paid to the life-tenant. However, the trust solicitors inform us that her estate is entitled to a proportion of the future dividends for the year to December 31 1992, although the final will not be declared or paid until nearly a year after her death and will not actually be received because the holdings have been sold.

We are told strict apportionment must be applied and that we could have delayed the sales until after the dividends had been received, although this would have meant waiting a year for any benefit to be received and taking a chance on the state of the market 12 months hence. Is this right?

■ The trust's solicitors are correct. Section 2 of the Apportionment Act 1870 provides for apportionment on a daily basis of dividends.

Executor's entitlement

I am sole executor in a relation's will. I paid a lot of her bills out of my own resources, some of these arising before I had power of attorney. I kept a record of these as I had been looking after her affairs for some two years. Clearly I wish to debit her estate with these before inheritance tax is levied as they fell due before her death. The solicitor is implying that I should have mentioned these before obtaining probate. Is it not enough to give records in the corrective affidavit? They amount to nearly £2,000.

■ I note that you have paid bills on behalf of the estate and have now obtained probate. It should be possible to obtain a corrective affidavit to take the expenses into account when calculating inheritance tax and also ensure that you can obtain a rebate.

If an executor advances money out of his own pocket to pay the debts of his testator, he is entitled to be repaid in full, in priority to the creditors. He is also entitled to an allowance of interest for the money so advanced. Repayment will come from the estate and his liability must be allowed for in calculating inheritance tax.

This reply was provided by Barry Shillerman of accountants Stoy Hayward.

HIGHEST RATES FOR YOUR MONEY					
Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/Cs and BONDS (Gross)					
Scarborough BS	First Post 0800 590578	Postal	£250	6.80%	Y/y
Skipton BS	Money Post 041 248 8757	Postal	£2,000	8.25%	Y/y
Scarborough BS	Scarbigh Ninety 3 0723 386155	90 Day	£500	7.25%	Y/y
Royal Bank of Scotland	Gold Ninety 0800 121121	90 Day	£10,000	8.05%	Y/y
Newcastle BS	Nova Star 081 232 6878	1 Year	£5,000	8.25%+1	Y/y
Chelsea BS	Premier VI 0800 272535	31.3.93	£10,000	10.00%	Y/y
TESSAs (Tax Free)					
Allied Trust Bank	071 626 0879	5 Year	£3,000	9.49%	Y/y
West Bromwich	021 525 7070	3 Year	£150	8.00%	Y/y
National Counties BS	0372 742211	5 Year	£3,000	8.75%	Y/y
Tipton & Cosway BS	021 557 2551	5 Year	£1	8.65%	Y/y
HIGH INTEREST CHEQUE A/Cs (Gross)					
Caledonian Bank	HICA 031 556 8235	Instant	£1	8.50%	Y/y
Citibank	Money Market Plus 0800 559884	Instant	£2,000	7.25%	Y/y
Chelsea BS	Classic Postal 0800 717515	Instant	£10,000	7.80%+1	Y/y
		Instant	£25,000	8.10%+1	Y/y
OFFSHORE ACCOUNTS (Gross)					
Portman CI Ltd	Channel Islands 0481 822747	Instant	£500	7.00%	Y/y
Portman CI Ltd	Channel Isl. Plus 0481 822747	60 Day	£10,000	7.75%	Y/y
			£25,000	8.00%	Y/y
			£50,000	8.75%	Y/y
GUARANTEED INCOME BONDS (Net)					
Prosperity FN	0800 521546	1 Year	£25,000	5.90%	Y/y
Financial Assurance FN	081 367 6000	2 Year	£5,000	5.80%	Y/y
Laurentian Life FN	0432 371371	3 Year	£50,000	6.70%	Y/y
Financial Assurance FN	081 367 6000	4 Year	£5,000	6.60%	Y/y
Financial Assurance FN	081 367 6000	5 Year	£5,000	7.10%	Y/y
NATIONAL SAVINGS A/Cs & BONDS (Gross)					
Investment A/C		1 Month	£5	6.25%	Y/y
Income Bonds		5 Month	£2,000	7.00%	Y/y
Capital Bonds G		5 Year	£100	7.75%+1	OM
MAT SAVINGS CERTIFICATES (Tax Free)					
40th Issue		5 Year	£100	5.75%+1	OM
0th Index Linked		5 Year	£100	3.25%	OM
Childrens Bond E		5 Year	£25	7.85%+1	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate, B = Bond.
 * = Rate fixed only until 1.4.93. □ = Rate guaranteed until 28.2.93. S = Rate guaranteed only until 1.2.93.
 + = Rate guaranteed only until 12.2.93.
 Source: MONEYFACTS - The Monthly Guide to Investment and Mortgage Rates, Laundry Lane, North Watlington, Norfolk, NR26 0BD. Readers can obtain a complimentary copy by phoning 0892 500677.

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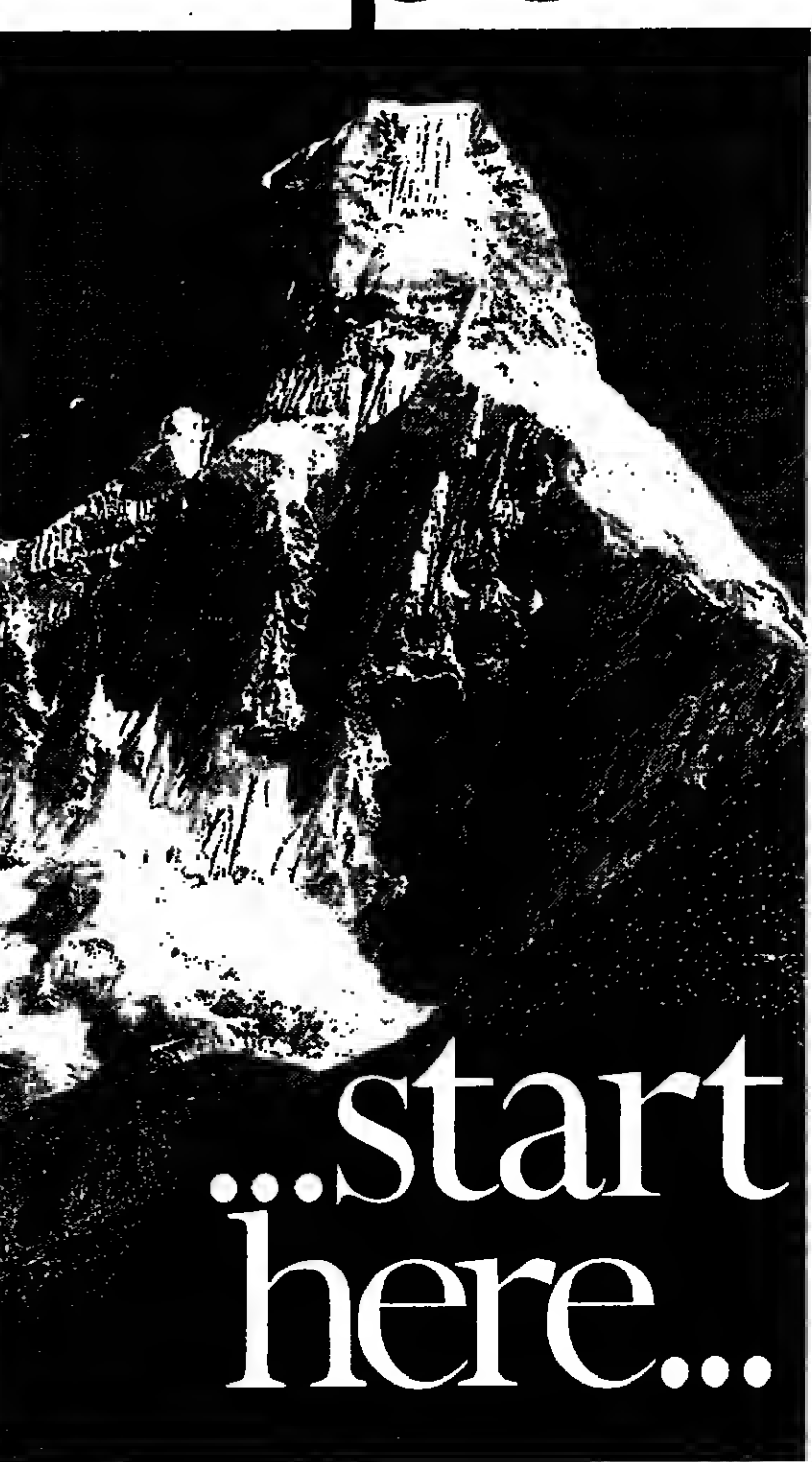
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MINDING YOUR OWN BUSINESS

Computing

Colour your thinking

Robin Brooker looks at innovative software designed to help managers sift data

IN THE pre-computer age it was often said that the business manager's problems were aggravated by lack of data. Now the reverse is true.

Managers suffer from an overload of data. This plethora of data has reached such proportions that often the managers have difficulty seeing the wood for the trees. When it comes to decision making or problem solving it is not raw data but information that is needed.

Information and data are not synonymous. Data is merely the building blocks of information: it is the interpretation of data that provides information. Only when we bring together these pieces of information are we able to distinguish a recognisable pattern.

There are many software packages that support the organisation of our ideas and thoughts. Most computer programs of this type allow the collection of pieces of information as well as rapid and easy restructuring of the individual ideas.

Packages such as *PC Outline* adopt a sequential and linear

approach. *Brainstorm* is more hierarchical; the opening screen shows just the trunk of your thoughts while lower screens gradually reveal more and more branches and detail. *CK Modeller* takes a new and innovative approach much closer to gestalt methodology. *CK Modeller* is described by its originators - Ikon Software - as a package for management thinking. It moves from the six elements of Edward De Bono's perceptions on lateral-thinking to a ten-colour map of ideas, thoughts, issues and assumptions which can be manipulated on the computer screen.

A reasonable analogy is the jigsaw puzzle. Most people when attempting a new puzzle tip all the pieces on to a flat surface. Using

the reference illustration as a guide, they gather together the pieces which appear to relate to particular parts of the picture.

CK Modeller uses much the same method. But, instead of prepared pieces, coloured hexagons are marked with your thoughts. The hexagon allows more relationships to be formed than the simple list of linear, or hierarchical based software. When you have exhausted this initial thinking task you form clusters of those ideas that seem to fit together.

As these separate clusters form you may recognise how particular clusters link together. Other clusters, at this stage, may have no links. It is *CK Modeller's* ability to show these missing links of the

problem that makes it unique.

You have to make up pieces, using new ideas, that will actually tie the different clusters together. These, initially, may be quite tenuous links: they may be merely annotated arrows. But, as your thoughts progress the separate clusters become more part of the whole and you will gradually build a complete model of your problem or extended idea.

The use of colour within *CK Modeller* is psychological, and a further step towards understanding of the issue at hand. Psychologically, red is the colour of danger; green is for growth, freshness and the new. By encapsulating this evocation within the structure of the problem we are able to pick out

parts which signal danger, or require action, from areas that merely convey information. The completed model will be an icon of the overall thought process and will convey all the nuances of ideas brought forward.

The system of thinking in hexagons is not new - though its use with computer has only recently been made generally available. The computer version offers considerable advantages over its manual counterpart.

First, it offers the ability to construct larger models than would be possible with hexagons and whiteboard. The model might be part of a network of sub-models and by using objects called activators *CK Modeller* can launch other models

or even other computer applications that contain the raw data on which the ideas are based. These ideas of cognitive kinetics may be new to you.

Initially, because of my previous experiences and the way I use on-line, I had some learning to do before I could grasp the concepts though when I explained the principles to my 20-year-old daughter she immediately recognised its potential. What I had struggled to understand, she grasped within minutes.

Operating the software is simplicity itself. There is no intensive keyboard input as most operations are carried out on a graphics window using a mouse.

CK Modeller is unlike most other computer applications. When the

appropriate formulae and data requests have been put into a spreadsheet or database the computer takes over the work.

CK Modeller requires effort. While it supports your thinking and allows you to restructure your thoughts in a matter of minutes you remain in complete control.

In the user manual that accompanies the software there is a suggestion that once you have encapsulated all your ideas in a model the next step is to build a new lattice using the same set of hexagons. Only, this time, take a hexagon from the periphery of the original cluster and regard it as the central theme of your new model. As it will form a different perspective of the problem it will also reveal new relationships and dependencies between individual items. But that, as they say, is another story.

CK Modeller, with manual, a book *Thinking with Hexagons* and a magnetic travel kit for hexagon planning without a computer, is £395 plus VAT and £5 shipping from Ikon Software, Edradour House, Pitlochry, Perthshire, PH16 5JW. 0796 473709



Print for success: Peter Duxbury (left), the London Scarf Company's managing director; Jane Swan, sales manager and David Hopkins, production manager, show off their wares

Warm glow of profits keeps out chill of recession

"I've been in the British textile industry for 30 years. It has been one long retreat. Those of us who are still here think of ourselves as equivalent to the survivors of Stalingrad."

PETER Duxbury is looking forward now to a business life better than mere survival. The London Scarf Company, which he set up a little more than a year ago designing and contracting out the printing of scarves for big department stores, has turned in remarkable first-year sales of £870,000. "We have just started in the tie market as well. I'd hope to do overall perhaps £1m in our second year."

London Scarf is a classic example of an infant business created by people already experienced in the same trade by working for large companies. Duxbury was a manager at Josef Otten, an Austrian textile distributor. He finished his days there in 1991 by winding up that company's British trading operations.

He decided to set up on his own, taking with him two Josef Otten employees. He had promised orders from Jacquard, a UK scarf brand whose operations had been serviced by companies Duxbury had once worked for.

The idea was to design scarves in London and have them made by low-cost printers in China, Japan and Italy for importation into Europe. "We decided we could develop a product which we would target on major retailers rather than a mass of small shops. Joseph Otten had 400-500 customers for its scarves. We have 23 which are most of the big department store groups."

Duxbury had £100,000 of his own to put at the company's disposal. "The company is well funded. It had to have good secure footing or I would not have gone into it."

On top of that, Duxbury negotiated with Hambros Bank a reserve figure of more than £40,000 to be tapped into if necessary. "Hambros have been wonderful. They have given us every support."

As it happens, setting up London Scarf was not expensive. Duxbury puts start-up costs at about £15,000. That included legal fees and first payments on a smallish works studio whose yearly rent, for

500 square feet in London is a rather high £14,000.

In its first year, the company produced 100 designs and close to 200,000 scarves, all but 10 per cent of which were silk. A little over a half of production was supplied wholesale to department stores. The rest - still using London Scarf designs - were bought direct by stores from the scarf printers. Duxbury's company collects an agency fee.

London Scarf takes most of its designs from paintings submitted by freelance artists. An artist receives about £350 for a design and its colour work. Selected designs are air-mailed to one of London Scarf's three manufacturers - in Tokyo, Shanghai and in the scarf printing area near Lake Como in Italy.

A typical London Scarf product uses 10 to 12 colours. Much

the cost of producing them. The biggest margins, as so often happens, are enjoyed by the retailers. A silk scarf retailing at £20 will be bought by the retailer for about £7.

Duxbury says the pre-tax margin for the first year was about 5 per cent but he is looking for an eventual return on capital of 30 per cent. London Scarf's main competitors include two US companies, Echo and Liz Claiborne, as well as in-house designers some stores employ.

About a quarter of the company's sales are in France. The Monoprix chain placed the largest order of the infant company has so far enjoyed - one of £50,000. Duxbury is keen to find agents for his scarves in Germany, Spain and Scandinavia. Apart from reducing dependency on the UK's £m silk scarf market, such expansion would prove particularly lucrative. The idea is to sell the design in a number of countries. This would raise profits by spreading design and screen-production costs. Nylon scarves, which are stored at the scarf printers, last for three years before corroding.

London Scarf caters for the middle mass market. "We'll wait for two years before deciding whether to go into boutiques. A typical boutique buys from a merchant a scarf for £15 and sells it for £50."

The downside is that this would force London Scarf into becoming a holder of stock, another cost burden. Duxbury would like to have scarves printed in the UK but says the one silk printer capable of doing it - a company used by Liberty's - has high production costs. London Scarf will almost certainly stick to overseas silk printers for its ties. "We are crashing into the tie market although it is very competitive," says Duxbury. "We have so far done 7,000 for France. We are expecting to do 60,000-70,000 ties this year."

In recession, retailers squeeze the margins of little companies like London Scarf. But tough trading has a silver lining, Swan says. "What has helped us is that department stores are cutting their numbers of buyers and, as they are more hard pressed, they tend to depend more on our advice."

The London Scarf Company, 301 Blackfriars Foundry, 156 Blackfriars Road, London SE1 8EN. Tel: 071-721-7070

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No. 0008 of 1993
In the High Court of Justice
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COMPANIES ACT 1985
IN THE MATTER OF COURT CAVALRY GROUP LIMITED

NOTICE is hereby given that a Petition was on 18th January 1993 presented to His Majesty's High Court of Justice for the confirmation of the resolution of (1) the capital of the above named Company from £2,123,276.10 to £405,136.04 and (2) the Share Premium Account of the Company by £4,653.54.

And Notice is further given that the said Petition is directed to be heard before Mr Registrar, Registry at The Royal Courts of Justice, Strand, London, WC2A 2LL on Wednesday the 3rd day of February 1993.

And any Creditor or Shareholder of the said Company desiring to oppose the seeking of an Order for the confirmation of the said resolution of capital should appear at the time of the hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the undersigned without charge on payment of the regulated charge for the same.

Dated the 21st day of January 1993
NABARNO MATTHEWS
30 Strand Street, London WC2A 2LL
Tel: 646400/01/02/03
Solicitors for the above named Company.

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Faith and science

Continued from Page 1

replicating computer virus. The radical theologian Don Cupitt, dean of Emmanuel College, Cambridge, sees religion as another kind of programme, a developing activity rather like art, which can discover no final or absolute truth.

"For example, to say 'He ascended into Heaven' means nothing to us now," he said. "All dogma is entangled in a medieval world view and has to be rethought as a whole - you can't do it piece by piece."

A more charitable view of the Vatican's programme is taken by the Rev Dr Arthur Peacocke, a physical biochemist and Anglican priest who has also taken part in the conferences at Castelgandolfo. The Pope's summer residence. "Given their inbuilt reactionary system it's to their credit that they have put the record straight in their own

legislative way," he said. Science and theology might be addressing different questions but they applied similar criteria.

"People put them together in different ways. I say both are part of truth and reality and you can't put them in separate pigeonholes. Sometimes the intersection is puzzling. Sometimes it is creative."

Another Anglican scientist-priest who has been to Castelgandolfo is the Rev Dr John Polkinghorne, president of Queens' College, Cambridge. His views carry weight: he is a fellow of the Royal Society and was professor of mathematical physics at the university before his ordination 10 years ago.

He, too, sees a kinship between science and theology: their use of induction, of models and metaphors, their search for simplicity of hypothesis and unified theory. "But science is asking one sort

of question," he said, "and religion another. There are connections between the answers - there is an uneasy sort of puzzling boundary between the two. People say one is public, the other private. I don't think that's right - after all, ethics and ideas of beauty are common concepts. It's not expressing an opinion to say that torturing children is wrong. A lot of people in the science world are wistful fellow-travellers who fear that the answers of religion might be a kind of suicide."

As he takes off for Arizona to begin work in the Mount Graham observatory, Father Coyne is unabashed. "Any advance in science, correctly heard by the Church, is a help to the Church," he said. The Pope may have declared a truce with science but it could be a long time before the world is ready to believe in Rome's conversion.

هنا من العمل

PERSPECTIVES

Truth of the Matter

Muddling towards democracy

OF ALL the nations struggling toward democracy, few seem to have less natural aptitude for the task than Russia and South Africa. Neither is politically tolerant by nature: throughout history, both have proved themselves excellent autocrats, corrupt and terrible tyrants.

But now Moscow and Pretoria, bitterest enemies for decades, have become strange comrades in battle: faithfully, they fight the tide of culture and history to pursue a liberal democratic goal which seems to recede as often as it draws nearer.

Neither is likely to follow a straight path to democracy - if indeed, they ever get there. But both are committed to ruling by consent and not coercion; and a return to either totalitarianism or apartheid is out of the question. Both must therefore search for a more or less democratic form of government which can hold anarchy at bay while protecting the minimum of civil liberties.

So far the move to democracy has fostered chaos, crime and violence in both countries. Many already yearn for a strong man to restore order. In South Africa, a prominent mixed race politician complains (only half in jest) of "rules apartheid"; and most Russians would probably understand this nostalgia for authoritarian certainty.

But in the longer term, a betting man would probably conclude that Russia will stay the course to full democracy - however circuitous - and that South Africa will not. Both face formidable obstacles to democratisation, chief among them problems of ethnicity and economic hardship. But South Africa has a further overwhelming disadvantage: the rigid correlation between wealth and race decreed by apartheid.

For democracy is scarcely the obvious solution for a country where the majority is poor, black and impatient and the minority white, rich and powerful: democracy invites the individual to use his vote to obtain a fairer share of wealth; but any government which indulges the urge to redistribute wealth will alienate white skills and capital, and jeopardise economic growth. Either way, the incumbent government would suffer at the ballot box - and would probably soon decide to dispense with democratic elections.

As Alexis de Tocqueville pointed out more than 150 years ago: "When the people rule, they must

be rendered happy or they will overturn the state." But in South Africa, the "state" would not give up without a fight; a new government may well be tempted to impose its will - in the national interest, of course - rather than hand over to the opposition.

Not surprisingly, most South Africans reject this scenario: indeed, they find cheer in the midst of political upheaval by counting their considerable blessings in comparison with Russia. South African democrats will inherit intact the one most necessary condition for democracy: a market economy. That economy may have been damaged by 40 years of "Africanisation", which used state capital to set up nationalised industries dominated by the "white tribe of Africa". But repairing its flaws is a small task compared with that facing Russia's economic reformers.

From nothing, they must create financial markets, draw up a detailed body of company law and construct all the institutional supports necessary to capitalism. South Africa inherits these things from the apartheid state;

and before the African National Congress decides to tamper with this inheritance, it should reflect on the ways in which capitalism underpins the democratic system which the ANC professes as its goal. In developed democracies, the private sector functions as an important check on the power of governmental authority; and the

Patti Waldmeir on the problems that face South Africa and Russia

market economy holds out the best hope of a prosperity which is essential to bolster democracy from below.

Paradoxically, South Africans will also inherit from apartheid - a most undemocratic ideology - the infrastructure of a thriving political democracy which Russia struggles so painfully to build. South Africa has political parties, independent courts, lobby groups

and all the paraphernalia of parliamentary democracy, which can surely be adapted for a multi-racial future. But in Russia the Communist Party, which invaded every aspect of personal and public life, has deeply discredited the very notion of "party"; indeed, there are few coherent party alternatives to President Boris Yeltsin, himself something of a one-man band.

Progress towards the establishment of an independent judiciary in Russia is perhaps more advanced: the new Constitutional Court represents a milestone on the path to democracy. But Russia has no tradition of challenging state power through the courts - certainly not under communism, when challenging party decisions was effectively forbidden - and it lacks the institutional depth (the courts, the judges, the independent lawyers) present in South Africa. Even in the worst days of apartheid abuse, South Africa's courts managed to preserve much of their independence.

But democracy requires more than political parties, elections and courts: a vigorous civil society

(everything from trades unions to churches, women's groups to chambers of commerce) is necessary to frustrate the would-be tyrant. Such civil infrastructure is well developed in both black and white South Africa - and almost non-existent in Russia. Organised business and labour in South Africa could counter-balance government power; civic associations in black townships could prove a further check on central government; and with three-quarters of the population actively religious, the churches will remain a major political force.

What is more, South Africa will inherit a state machine which actually works: in Russia, where party and state were practically indivisible, the collapse of the one has destroyed the other. No new South African government is likely to face the crisis of executive power which currently assails Moscow.

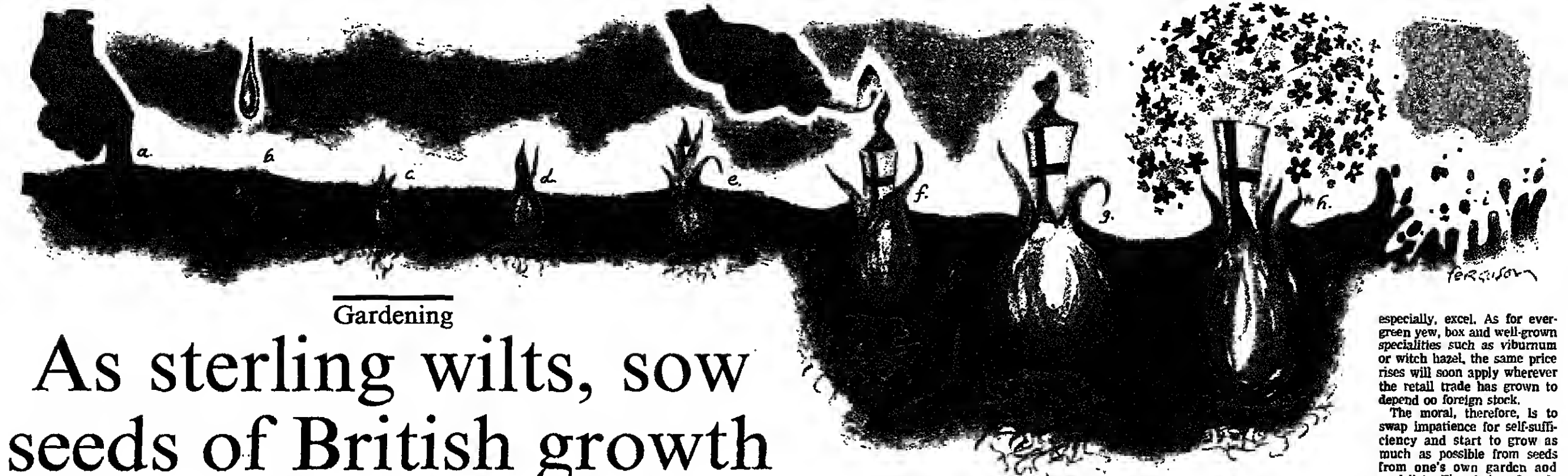
So that is the triple challenge facing Russia: to create a modern state, a modern market economy and democratic political institutions, and to do so simultaneously under conditions of great economic hardship.

But however daunting the immediate crisis, Russia will probably muddle through to the end of democracy and prosperity. And South Africa, whatever its early advantages, may not. Western democracies will continue to provide moral support to Russian democrats (however unreliable their financial backing), while South Africa will rapidly be left to itself on the remote tip of a forgotten continent. And over time, the gross inequalities of South African society could prove too much for a fledgling democracy.

Both face problems of ethnicity and economic deprivation which threaten democracy; but in South Africa, crucially, they are linked. While Russians struggle (more or less) equally to survive, race determines the degree of hardship experienced by each South African. As long as that is so palpably true, it is hard to see how democracy can take root.

But even if South Africa - perhaps Russia too - reverts temporarily to authoritarian rule, there can be no returning to the specific abominations of the past. Totalitarian communism and apartheid are ruled out forever. The future can scarcely be worse.

Patti Waldmeir's Paper, "Is Democracy achievable in Russia and/or South Africa?" is obtainable from the Center for Strategic and International Studies Suite 400, 1800K St NW Washington DC



Gardening

As sterling wilts, sow seeds of British growth

IN a sudden leap, there are flowers again, a wonderful prelude to the unpredictable dance which the seasons now work for us all.

Last week, there seemed to be nothing; then, on Saturday, there were hundreds of crocuses wrapped like yellow pencils; on Sunday, there were acornites in churchyards and on Monday, snowdrops were spattering the ground once more.

We are a month ahead of schedule, while the last of the winter's roses are still waiting to leave the stage and their green leaves make a curious backdrop to a new year. After weeks of gloomy rain, these early visitors stand out like drops of sunshine.

They remind me that it is time for gardeners to get moving. Before they start, they will need little reminding that their art is never cheap.

Mirrored in our gardens' microcosm, all economic life is reflected. Once upon a time, we used to supply ourselves, grow our own plants and pay people to help us look after them.

Since the 1970s, the trade has changed as rapidly as anything in business life.

Consumers want different things: busy householders will pay for shops to display plants for immediate sale; garden centres have multiplied and keen, fresh stock has become the cult

The Belgian and Dutch plants which fill garden centres have shot up in price. Robin Lane Fox has a plan...

of the visiting public.

With their usual subtlety, sellers have traded on their two best human allies, impulse and impatience. Why wait for years when money can buy you a plant which already looks reassuringly bigger than other people's? If you like it, take it away in the car boot.

Here, technology has come to the rescue. In this new age of polythene, plants can be turned out of their plastic containers at almost any season: they can also be moved from

one country to another. At this point, the question of the economy and its prospects confront us all through a twist in our national idea of ourselves.

We all know the stereotype: British goods may be declining; the monarchy may be intercepted on the wrong frequency,

but at least we Brits know how to garden and our gardening is the envy of Europe. Tourist boards promote it; even the French have to admit that it is better than theirs; economists sometimes blame it for other sins.

I have sometimes been told by serious pundits that a reason why British industry is losing its competitive edge is that employees are more interested in their gardens and that the managers are waiting every day to get back to the roses or

the real business of life, so amply covered in the *Weekend FT*.

Nobody could dispute the art of our flower gardens at their best or the widespread love of gardening, planting and growing. However, I do think that the better examples are rather rare and that visually, much of our gardening (including hits of mine) is engagingly awful.

I do also notice how this national art is called "English gardening", as if nothing of any significance happened on the Celtic fringe. If I had to choose only one public garden in the kingdom, it would always be the Edinburgh Botanic Garden, but perhaps it is too Olympian to object to the English insult.

What does amuse me, and in future may alarm me, is that the backbone of the best garden centres, many of our nurseries and our garden landscaping is not actually grown in England or even in Britain. Drusky English gardening is all very well in a summer's haze, but many of its greatest nurseries buy the plants for it

in the Netherlands and Belgium.

You can see why this piece of national double-think will soon have economic consequences. Personally, I will rely ever more on seeds. But the irony is not going to disappear quietly or without cost.

Of course there are plenty "people" all over Britain with their own cottage industries and lists of lesser-known specimens. Yet they cannot supply the trade with much of its better shrubs, hedging plants, bulbs and border plants because they do not specialise or grow to the right scale perhaps, or, to be charitable, have such a good European soil. Whenever you see a particularly big and seductive plant in the garden centre, it is highly likely to have been imported from a Dutchman or a Belgian who would not know how to pronounce Miss Jekyll's name.

This little irony prompts me to two conclusions, one of

which is analytic, the other is commonsense. Like machine tools, the plants for English-gardeners' gardens are now being imported en masse from abroad.

Many argue that Britain would have a bright economic future in heavy industry if only engineering was part of our daily culture. Those people ought to stop and consider the case of gardening. Gardening is agreed to be not just a cultural taste but a national obsession: nonetheless, our big traders and designers have to import a mass of its basic materials because their obsessive national cannot grow it for themselves.

My second conclusion is simply prudential. Now that so many retail sources are depending on plants from Europe, their cost is not exactly going to obey the chancellor's happy predictions while the currency is suffering from wilt. Flower bulbs have already made a nonsense of the retail index because most of them come in from the Netherlands and this season's summer lilies, hyacinths and gladioli have had surcharges of 15 per cent or more imposed on them.

Matters have not been helped by an awkward season in 1992 for many of the main-crop bulbs in which the Dutch,

especially, excel. As for evergreen yew, box and well-grown specialities such as viburnum or witch hazel, the same price rises will soon apply wherever the retail trade has grown to depend on foreign stock.

The moral, therefore, is to swap impatience for self-sufficiency and start to grow as much as possible from seeds from one's own garden, and seed lists. The choice of seeds is one of the pleasures of late January and next week, I will be scanning for a short list. This year, however, it has an extra economic thrust.

I have already pre-booked my seeds of regale lilies, white galtonias and mixed agapanthus. I have opted for patience with the late-flowering lespedeza whose silky leaves and rose-purple flowers are such a blessing in autumn and I will be trying for half-hardy daturas from seed. Anything the Dutch can do I can surely do half as well from a seed packet, you always raise more than you need, with a margin of error which allows even an Englishman without illusions to compete.

As They Say in Europe

Talking dirty in six languages

ONE THING the papers shared this week was Clinton fatigue. Editorials from Dublin to Lublin made attempts to disabuse the public of half-hearted optimism that the inauguration of a president remains, as ever, the crossroads of history that lead to a new beginning and the quest for the rebirth of the American dream. Only *Paris-Normandie* had an interesting view of the new man in the White House: "It is as if Pontarlier town council were put in charge of France." Pontarlier is, incidentally, much nicer than Little Rock.

So, like the papers, I pursued last week's topic: unacceptable behaviour and, my special interest, cross-frontier variations in definitions of it. The research programme accidentally revealed that the British can deal easily with the wilder shores of human emotions and the French cannot.

British, and English-speakers in general, were assumed to be able to deal with the raw truth. When the story broke in Australia, the English service of AFP gave it 1,000 words.

In French, however, it was compressed to under 200 words and the sole reference to the contents of the "presumed transcription" noted that the two "do not hide either their love or their reciprocal physical attraction".

And yet the French at home have few inhibitions. Political debate is larded with words that I would not transcribe even in asterisks. Comedy shows on television can consist of a stream of jokes that make the average British stand-up comic sound like Noel Coward.

Such material can also provide the basis for what passes for German humour yet it would be unacceptable in Spain or Britain. But these two countries themselves differ on what is acceptable. In my local paper, among advertisements for plumbers and electricians, is a column of notices detailing the facilities available for making, yes, telephone calls of a lubricious nature. Such items used to decorate Spanish papers but not since the phone

lines were closed last month in response to widespread public pressure.

Yet those same papers, often liberal and leftist, freely advertise the services of transvestite prostitutes, among others. Afternoon television programmes for children can be interspersed with items where youngish females progressively divest themselves of what do

James Morgan asks what offends the man on a London omnibus

seem to be rather uncomfortable garments.

National sensitivities involve not only the intimate side of life. The delicacy of the British struck me this week in a bus which had a sign saying, "We would prefer you not to eat or drink on this bus. However, if you do would you please take your litter with you." I spent some time working out how this would translate. German is not suitable for conveying moral uncertainty or the doctrine of the second best; the

nearest I got was *Essen und trinken verboten*. In French the warning is like something from a home for the incontinent elderly; in Italian, an invitation to steal the bus; in Russian, nobody sufficiently resourceful to possess the items involved would be fool enough to leave anything behind. And in Czech, the sign would be a trap to ensnare the man with a sandwich in an endless bureaucratic nightmare.

The same SA has also saw the entrance of an inspector who treated even those without a ticket with some deference. This was a savage contrast with what I remember from my time in Vienna, where, in similar operations, two young toughs board a tram at opposite ends, the doors slamming tight shut behind them. They adopt the demeanour of those who had mastered the techniques of extracting confessions efficiently, open their denim jackets to expose heavy metal badges and shout *Kontrollieren*. Not surprisingly nobody is without a ticket.

The purpose of this digression is to set the scene for my favourite opinion poll which appeared again in the Vienna tabloid, *Kurier*, the other day.

The question was: "Which groups would you find objectionable as neighbours?" Top of the poll were Turks and Romanians; the least unpopular of the nine were Slovenes and Jews. (Discussion of the prevalence of anti-Semitism in this part of the world often falls to reflect the rich spectrum of prejudice that characterises Austrian society.) Commentators noted that there had been a steady fall in the level of hatred from the peak in 1988, the year newspapers demanded that "Waldheim must go" following revelations about his wartime past that he had preferred to conceal.)

I have asked many questions about this poll over the years: is a list of "detestables" presented to respondents or can they supply their own? What ever happened to the Poles who once led the field but now get scarcely a mention? And, has anybody ever included the Viennese on the list?

But the question I suppose I am really asking is this: would *The Star* publish the results of such a poll if it were conducted in Britain?

James Morgan is economics correspondent of the BBC World Service.

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TRAVEL FOCUS: AFRICA



A mosaic in the grand style

"Tunis is a land of liberty," wrote the Chevalier d'Arvieux, a French diplomat, over three centuries ago. "Religion disturbs no one; they pray to God when they must, fast when they cannot do otherwise, drink wine when they have money, get drunk when they drink too much and no one finds any harm."

THESE words ring true today and explain, as much as the sand and deep blue sea, why more than 2m Europeans travel to the only country in the world whose name is derived from a fish, tuna. The bulk of those who travel to Tunisia go on summer package tours. Others have discovered that off the beaten track, North Africa's smallest country has much to offer.

First of all it boasts splendid ancient ruins, the most dramatic of which are in Dougga, on the western uplands near the Algerian frontier, and a collection of Roman mosaics in the Bardo museum in Tunis which is second to none. For those interested in Muslim architecture, the fortified town and grand mosque of Qairwan, which dates from the 8th century, is but the most remarkable of many scattered around the country.

The Jewish faith boasts the oldest synagogue in Africa on the island of Jerba. Ulysses' fabled land of the lotus eaters. Every spring, a pilgrimage to the Gharbia synagogue attracts Jews from all over the world to a country where their presence, though much reduced today, spans nearly 3,000 years.

For their part, Christians can turn their thoughts to St Augustine, who delighted in the pleasures of Carthage before preaching a more austere creed as bishop of Hippo in what is now Algeria. On a warm summer night, Carthage still evokes a courteous past her prime but is still attractive. Neighbouring Libya is virtually closed to foreign visitors. This is the first country an ancient traveller from the east would have crossed on his way to the "Maghreb al Aqsa," or

"Western land of the setting sun" as people in the Middle East still call the maghreb. Yet, on the sea shore, the setting of the roman ruins at Lepcis Magna and Sabrata, both an hour's drive from the capital, Tripoli, are exceptional. Before its present troubles, Algeria attracted maybe 200,000 foreign visitors, mostly headed for the Sahara desert. A quarter of a century ago, the country's leaders set their mind against developing tourism; as a result, Africa's second largest country boasts few decent hotels, most of the state-controlled ones being very run down. Gone are the late 19th century days when guides were published in London called *Algers, The Playground of the*

Camus to experience "the happy lassitude of a wedding day with the world." To Camus, the ruins of Tipaza were far more "modern" than many a modern city. This absolute and jasmine-scented paradise has, however, today fallen victim to the violence which has engulfed Algeria.

Morocco, for its part, boasts almost too many riches: skiing in the Atlas mountains; swimming in the pool of any number of very comfortable hotels in Marrakesh; trekking in the same mountains in late winter or spring through Berber villages which appear like Cubist paintings hung on steep rocks. For those who prefer the sun and sea, Morocco's long Mediterranean and Atlantic coasts offer fun all year round. Resorts vary in tone, though Morocco does not greatly encourage package tours and a number of its hotels cater for the seriously rich. The Palais Jamaï in Fes, one of the glories of Islam, the Mamounia in Marrakesh and the Minzah in Tangiers are in the grand tradition.

The variety and quality of Moroccan food, which is often sweet-sour, adds to any trip, a true feast providing a seemingly endless flow of dishes. Save for less than half a century as a French protectorate, Morocco has always been independent.

Morocco's glory is its Berber and Arab architecture. The 1,000-year old religious capital of Fes is dominated by the minarets of 100 mosques. Unfortunately, mosques and other religious buildings are not open to non-Muslims.

Beyond the red city of Marrakesh, from where in winter the visitor can gaze at the 13,000-ft summits of the Atlas 30 miles away, lie Taroudant, Tafraout and other old towns.

As the traveller descends to the plain from the frozen passes above, he realises he has landed at the gateway of the Sahara. The contrast is intoxicating, and over more than in late winter when the southern slopes of the Atlas are covered with almond trees in flower.

North Africa is a place of happy lassitude, says Francis Ghiles

Practical Traveller: Safaris/Michael J Woods

North Luangwa now open

THE TRACKS were very fresh in the off-white tale of the dusty path - there was an African hunting dog not far ahead. We set off on foot, treading silently and hardly daring to breathe. We had barely reached the bend in the track which led through thick mopane scrub when the wild dog doubled back and met us face to face. We had walked into the middle of a hunt.

This was one of those chance encounters which turn an African safari from a holiday into an adventure. One way of maximising the chances of such encounters is to choose your destination carefully. With more areas opening up for visitors, opportunities are increasing.

Zambia's South Luangwa national park has long been noted for its walking safaris and its exciting night drives, while North Luangwa has only recently opened to visitors, although on a limited scale. Zambia was one of the pioneers of walking safaris. They are generally well planned and full of interest.

Abercrombie & Kent, Worldwide Journeys and Expeditions, Twickers World, and Art of Travel all go to Luangwa Valley, but of these only Art of Travel specifically includes North Luangwa. Expect to pay £1,855 and up for 14 days.

While the walks in Zambia take you from one fixed camp to another, Richard Bonham's walking expeditions into Tanzania's enormous Selous game reserve are more in the traditional safari mould. Strings of porters are used, and you sleep under the stars. Worldwide Journeys and Expeditions offers these safaris from £3,950.

The traditional theme is repeated elsewhere in Tanzania where Gibbs Farm Safaris takes clients into the vast grassy savanna of the Serengeti. Camping in luxury tents, you will not see another vehicle in spite of the open country. Nigel Perks, who runs GFS, has an uncanny knack of finding the most elusive of animals. These safaris can be booked through Art of Travel, while Twickers World has fly-in safaris to the Serengeti from £2,615 for 17 days.

A destination that has become much more accessible now that Air Namibia operates direct flights from Heathrow is Namibia. With its good road network, this southern African country makes an excellent destination for a fly-drive tour. Etosha national park has plenty of elephant, black rhino and lions, and a stay at Okaukuejo, with its floodlit water hole, is not to be missed.

One country to rejoin the safari scene recently is Uganda, which has gorillas. The borders of Zaire, Rwanda and Uganda meet in the volcanic massif which forms the last stronghold of the mountain gorilla. It is particularly good to see that gorilla-watching in Rwanda is possible again now, as the continued conservation of these primates depends so much on western visitors. Twickers World has a 23-day tour including visiting chimpanzees in Tanzania from £1,675, while Abercrombie & Kent has a four-day add-on to a standard safari for around £1,021.

Mana Pools national park on the banks of the River Zambezi in Zimbabwe is not only excellent for walking but is one of the highlights of a canoe safari down the Zambezi, a leisurely way to see game, especially hippos and crocodiles, at quite close quarters.

In turn, overland transport comes in many forms. Abercrombie & Kent offers a traditional ox-wagon safari on the shores of Kenya's Lake Naivasha (two days, £480 ex-Nairobi), or a camel safari in northern Kenya (three days, £307 ex-Nairobi), while there is the opportunity to explore parts of the Kalahari desert in Botswana on all-terrain vehicles.

Botswana's Okavango delta, a rich mixture of glittering channels, clear lagoons, water-lilies and pools and sandy, palm-tree islands, has never been easy to travel around. One way is to take an unheated safari in traditional mokoros, dug-out canoes, which are poled through the placid waters of this enormous labyrinth of waterways by local guides, with an occasional walk on one of the thousands of islands.

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PROPERTY

History and tradition in land of the commuter

SUSSEX was remote from civilised society until George IV, the Prince Regent, turned Brighton from a fishing village into a seaside resort centred on his pleasure dome, the Royal Pavilion. Then, with the advent of the railways in Victoria's reign, Sussex changed for ever. The county of woods and sticky clay, where travelling in a carriage was a nightmare and where blacksmiths and forge-masters worked the iron, burning the trees and damming the streams to make "hammer ponds", became a Home County.

Bankers and stockbrokers, and their clerks, moved out of London and set about creating wonderful gardens of rhododendrons and azaleas. (A century ago, trains to town took the same time as today. The choice of stations was better.) The Sussex they moved to had largely escaped 18th century gentrification — there are no Georgian stone stately piles.

Instead, wood, daub, and brick and tile are the basis of the Sussex vernacular, and near the South Downs, knapped flint also. The houses are distinctive — their frames are half-timbered, with a filling of daub, bricks or flint, with the upper part sheathed in vertical hanging tiles as a protection from the weather. Roofs are tiled and low, giving most Sussex houses the look of cottages. Inside are low,

head-hammering beams and brick floors and fireplaces, often wide enough to have an inglenook.

The affluent 19th century commuters hastened to enlarge their homes, or build new ones in the same style, as has continued to happen ever since. With their look hardly changed for 400 years, it can be hard today to spot the original bits in an "old" Sussex house.

Gerald Cadogan explores Sussex, with its distinctive houses of half-timber and hung-tiles, its wealth of attractions — and a hot-line to the heart of London

As a result, they exude the reassurance of sharing in a living tradition. Sussex is a large county that divides into three parts. West Sussex, bordering on Hampshire, has the attractions of Chichester and its cathedral, theatre, and harbour, and the Roman palace at Fishbourne, racing at Goodwood, and a beautiful, unspoilt hinterland.

Mid-Sussex is the London-Brighton corridor along the M23/

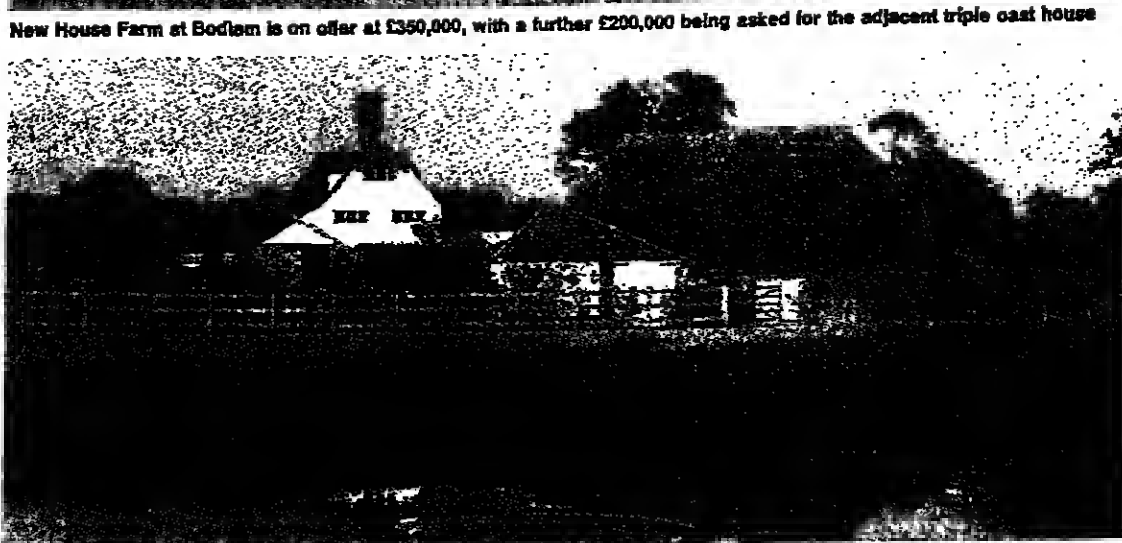
A23 (now being improved) and the railway line, with easy access to Gatwick. Glyndebourne (closed for 1993) and the gardens at Wakehurst Place and Nymans. East Sussex flattens as it nears Kent and the Channel tunnel, and east houses (for hops) begin to appear.

A splendid example of a typical East Sussex house newly on the market is the 18th century New House Farm at Bodiam, (where the National Trust has a famous castle) and close to Battle, where William of Normandy conquered Harold in 1066. Brick and hung tiles mask its timber frame. Cluttons in Haywards Heath (0444-441166) are offering it at around £350,000, with the adjacent triple east house for around £200,000, and up to 320 acres of farmland.

More expensive and basically 18th century (when a family called Thatcher obtained the property at the dissolution of the monasteries), is Arches Manor at Framfield, near Uckfield and Lewes, with John D Wood (071-483-4106) and Batcheller & Thacker in Battle (0424-775777) at around £600,000. Nearby is the 17th century Buckingham Hill Farm at Isfield, a house rich in oak and with an 18th century barn offered by Cluttons, at £575,000.

The Stable Cottage at Wadhurst near Tunbridge Wells, with a Victorian coach house that could be converted, is available at around £110,000 from Knight Frank & Rut-

New House Farm at Bodiam is on offer at £350,000, with a further £200,000 being asked for the adjacent triple east house



Buckingham Hill Farm at Isfield is a 17th century house rich in oak, with an 18th century barn, at around £575,000

ley in Tunbridge Wells (0892-515035). Next door, Hamptons (071-293-8222) offer the big house, Best Beech Place, a 1920s Sussex-style oaken splendour with garden by Gertrude Jekyll, at around £350,000. For keen sports, Knight Frank & Rutley are selling Platts Farm at Burwash looking across to Rudyard Kipling's old house (Batemans) at around

£500,000, to include barns and out-buildings, 71 acres and two duck flights ponds.

Oldcastle at Dallington near Battle is a house that grew over 300 years but did not change its Sussex style. Humberts in Lewes (0793-478828) will sell it to you with nine acres for about £265,000. Or they offer the attractive 17th century Oak Farm at Piddington, with outbuildings and three acres for about £265,000.

An intriguing East Sussex conversion is the flint Place Barn at Wilmington, nestling under the Downs with views to the giant, chalk-cut Long Man of Wilmington, who stands on the slope holding a sive in either hand. The Barn (Humberts, around £275,000) won a Civic Trust award in 1982.

Another recent conversion is the Coach House at Hailand near Lewes, a handsome brick building that has the merit of not being cottage-style. Watsons in Heathfield (0435-865077) offer it at around £320,000. The best Sussex-style house in East Sussex is called Toad

Hall; its name must be reflected in the price of £395,000 (from Fox in Haywards Heath, 0444-450105). It is an impressive Wealden hall that could have belonged to an ironmaster, dating back to the 15th century.

But finest of all is a manor house, early 17th century and listed Grade II*, built in stone by an ironmaster to show he was above the common Sussex cut, and on offer for only the third time in its history. Court Lodge at Ashburnham near Battle (Knight Frank & Rutley, under offer at around £450,000) comes with a Grade II barn and 48 acres, including 27 acres of vineyards which the vendor would like to rent back from the new owner for £175 an acre.

In mid-Sussex, a similarly grand manor, now a romantic ruin, is part of Brambley Manor Farm near East Grinstead. The total price for a typical Sussex house, ruins, 26 acres, swimming pool and tennis court is around £495,000, or £100,000 less excluding the farmyard (from John Powell in Forest Row, 0342-822261, or Savills in Sevenoaks, 0732-455511). Odder still, and dearer

at around £1.25m, is Loughton Manor near Lewes (from Hamptons in Mayfield, 0435-672294), a cream-stucco early Victorian villa with an Italianate belvedere tower that has popped up in the country from Belgrave Square or Regent's Park.

About half that price is a delightful house (from Fox), the Elizabethan East Malsells in Lindfield near Haywards Heath, which a Cheshire family built with the ornamental half-timbering familiar in the north west. They must have brought their joiner down with them. Nearby Cockhaise Mill Farm is for those who want to run a business, as it comes with a thriving farm shop (with game licence, sausage licence, ice cream licence and liquor licence). Petfood is a new line and doing well. Humberts offer it at around £585,000.

Another neighbour is the many-bedroomed 16th/17th century manor called Tremans at Horsted Keynes, listed Grade II* (Humberts, around £550,000). Arthur Benson, librettist of *Land of Hope and Glory* called it "almost incredibly picturesque".

Top marks go to Michael Winter-Kaines, a retired British Airways captain who is marketing his Windmill Cottage at Rowhook, near Horsham, himself (0403-790513) at £330,000, provided there is no chain. Not wanting to pay agents' fees, he has produced an excellent, straightforward brochure for an attractive listed Grade II house and cottage and barn, and is amazed at how many people have replied to his advertisements and how nice they are. "They are delighted to deal directly," he says.

If you want to farm in mid-Sussex, the 425 acres of Little Denny Farm at Hurslippoint is virtually all the estate once belonging to the imposing Elizabethan manor house called Denny (now retirement housing with the Mutual Households Association). It is an attractive proposition: mixed farming, lovely country, parkland and lakes, in the lee of Wolstonbury Hill (National Trust) on the Downs, and yet no distance from Brighton. Being sold in lots by Humberts, the total asking price is around £1.3m.

Going west, Jackson-Stops in Midhurst (0730-812357) offer an essence of cottage Sussex in Old Hill at Lurgashall, near Petworth, three cottages and a mill run together for around £220,000. The garden is crammed with specimen plants. At Washington they are selling (with King & Chasemore in Pulborough, 0796-872061, at around £445,000) an 1820s old vicarage, a good late Georgian box of a house for those who do not thrill to the wealth of head-height old oak that is the hallmark of Sussex.



The quality-named Toad Hall is an impressive Wealden hall, dating back to the 15th century, which could have belonged to an ironmaster

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SPORT AND MOTORING

Rugby Union

Why Irish eyes must look abroad

THE rugby was no laughing matter at Murrayfield last Saturday, not even if you were Scottish and celebrating a handsome 15-3 victory over the Irish in the opening game of the international championship. What did you think of it, Fergus Slattery was asked? "Murrayfield is a lovely stadium," said the distinguished former Irish international, deliberately elliptically. "It was very windy."

If Slattery was being polite, then it was in marked contrast to the newspaper reports of Ireland's 12th successive game without victory in the championship. "Miserable Ireland sink to a new low at Murrayfield" ran a headline in *The Sunday Independent*. The story beneath said: "You don't often sense misery at a major sporting occasion but it was present at Murrayfield yesterday. You only had to be Irish to feel it. For the ailing team touched a new low and emerged from a dull match the authors of nothing."

Mick Doyle, who was Ireland's coach when they won the Triple Crown in 1985 (and when they were whitewashed in the championship the following season) wrote in the same paper: "This was the worst ever [display] by an Irish side." I have news for him. I have seen worse Irish teams than this but I have never seen such a limp one. The traditional Irish fire was absent. They seemed browbeaten and uncertain of themselves, which are hardly Irish characteristics.

By Tuesday, feelings had quietened and the remarks of Moss Keane were all the more welcome for being so honest and low key. "Our flair for rugby has been curbed by our obsession to follow every one else," said Keane, another former international. "Doing the usual, as was our instinct, had a more unsettling effect on the opposition. Where has the old fashioned footruss gone?"

Working on fitness is fine and essential but when you have players going out to play to a sterile, pre-ordained pattern foreign to their traditions then you are getting nowhere."

Rugby is of relatively little importance in the scheme of sports in Ireland, a comfortable fourth behind Gaelic football, hurling and soccer. Only an estimated 12,500 play rugby compared with 30 times as many in England, for example. "We used to close the gap that existed between us and other countries in three ways," said Slattery. "First, we were our best players. Then we were better organised, and thirdly we gave 100 per cent for 80

John Hopkins analyses the sorry state of the men in green

minutes. We are doing none of these now and we are showing our lack of resources."

The Irish always seemed to be larger than life – on and off the field. Seared into my memory and liver is the effect of a Sunday spent in the company of Keane during the 1977 Lions' tour of New Zealand. For Keane it was a day of rest, which meant that for everyone else it was anything but. No wonder he was nicknamed Rentastorm. He roamed the hotel press-gang players and journalists to join him for a drink. He came across me just before midday, as far as my memory goes, which is not very far, for obvious reasons. I escaped to my bed barely vertical and far from sober after a mere eight hours at the court of King Moss.

A few months later Keane was the host during a day in Dublin. The liver received a second battering but what sticks more clearly in the mind is his driving rather than his drinking. Cackling with laugh-

ter and dwarfing the tiny gear lever in his massive left hand, the Kerryman piloted his way around the fair city in a screech of tyres and a blur of brakes.

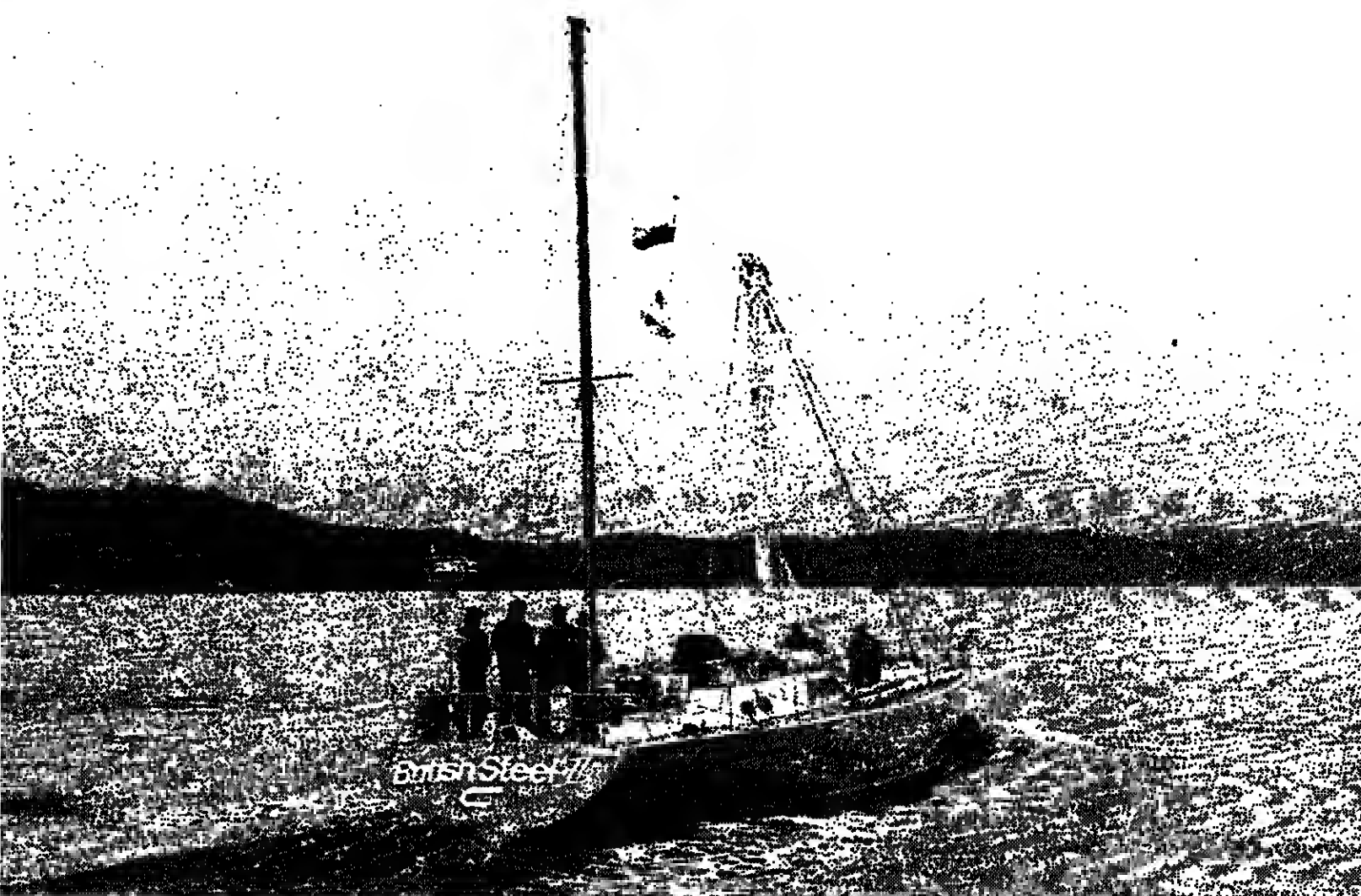
"Are you an ambler gambler," he roared again and again as he dived with the traffic lights. "I am."

It was around men like Keane and Willie John McBride and Syd Miller, all of whom had voracious appetites for life and rugby, that Ireland built their pack in days gone by. Keane was once advised that the second row forward playing opposite him was soft and a punch would be a good manoeuvre. "At the first line-out I bopped him one," Keane recalled. "Then hash! He hit me straight back. I thought to myself, 'Belabbera, I hit the wrong man!'"

Men like Keane have disappeared – at least for the time being. "We used to have players in key positions who always did the right thing," said Noel Murphy, the Ireland manager. "We have not got men like this any more."

I have a solution. The IRFU should look at – I am sorry for mentioning this word, and I will wash my mouth with soap – but what they should look at is soccer in Ireland. Some years ago it was in as much disarray as rugby is now.

With the sort of ingenuity and disregard for convention that the Irish professional golfers showed by staging the Irish Masters in Portugal, the soccer authorities called in the best man to become team manager. Jack Charlton, an Englishman who lived in Northumberland. Charlton revitalised the national team, taking them to the late stages of the World Cup finals in Italy in 1990. One possible candidate to revitalise the Irish rugby team is the brilliant French coach Pierre Villereux. He could be found a job teaching English or French in a school in Dublin. Are the Irish big enough to make such a break with their traditions?



The ultimate challenge: British Steel II limps through the south Pacific with a broken mast

Yachting

Test of mettle for crew of Steel

CHAY Blyth was in ebullient form. It takes an experienced observer to distinguish between this mode and the normally effervescent Blyth, but it was thus. "Wow, isn't that fantastic," he shouted as a crudely ugly racing yacht docked beneath the green hills of Hobart, Tasmania.

British Steel II had her boom jury-rigged as a mast, and a second spar (borrowed from a much smaller yacht) in place as a mizzen. Aboard, her 14

crew looked much thinner than when they had left Rio on November 15. British Steel had been dismasted halfway between Cape Horn and New Zealand, 2,500 miles from land in the ice-berg-strewn wastes of the Southern Ocean. It is as far from land and outside assistance as it is possible to be.

Her voyage to rejoin the other nine yachts racing around the world in the British Steel Challenge, created by Blyth to give fare-paying amateurs a taste of world-class ocean sailing, has become a classic of ingenuity and guts.

Skipper Richard Tudor, 32, had already become renowned as probably the hardest-driving of the 10 professionals helming the 67ft steel yachts. After winning the training race around the Fastnet and the first Solent-Rio leg, Tudor's boat was favourite to take overall victory in the 28,000-mile epic which will call at Cape Town before finishing late May.

"It's been such an unbelievable experience. The shock and fear and then teamwork to survive. I'm not sure that dismasting isn't more of an achievement than winning the race," said crew member Louise Broadbent of Leeds, as the battered yacht moored up.

Once safely alongside Constitution Wharf, where Tasmania's unfortunate convicts once landed, the stories began to emerge of the rough, freezing

night when the 90ft mast fractured just above deck level and toppled overboard – a month from the nearest land. A stainless steel bottlescrew, a component that has now failed on almost every other yacht in the fleet, disintegrated and left the spar without its main supporting wire.

"I thought we'd hit an iceberg," recalled Marcus Gladwell, who was in his bunk directly below the broken fit.

Keith Wheatley sees a dismasted yacht berth safely in Tasmania

ting when disaster struck. "The first noise of metal exploding woke me up, then came the banging of the mast against the hull."

"If the yacht had been made of anything except steel I'm sure the rig would have heaved through the side and sunk us." In the dark and confusion it took nearly an hour, using massive bolt-cutters, to cut the wires holding the damaged mast to the yacht and let it sink 7,000ft to the ocean floor.

After that came the realisation that from being leaders of the 28,000-mile race and favourites to win, British Steel II was effectively out of the hunt. "Some people were fairly

depressed in the aftermath," said Tudor, going on to explain the irony of the incident.

"At the time we were not pushing the boat hard. We were nicely placed just behind the leader Nuclear Electric and there was no need. Had we been pushing I could have forgiven myself for the damage," said Tudor, a former professional sailmaker from Fivlethell. His only similar accident was losing the mast of his Mirror dinghy when he was eight.

Although he is shrewd enough to conceal it, Tudor is bitterly disappointed that a design or manufacturing failure has dashed his hopes of glory. In a shed adjoining Constitution Wharf lie the masts from three other yachts, all seriously damaged from the same flaw in the overall rig.

Andrew Roberts, technical director for the race and virtual designer of everything aboard except the hulls themselves, is certain that metal fatigue caused the same component to fail on eight of the 10 yachts. Certainly there are some expensive hulls waiting to be appraised and insurance assessors, spar-makers and metallurgists can be found holding animated conversations in odd corners of Hobart.

Without the full mast and sails to balance the yacht, British Steel II began a wicked corkscrewing motion through the 40ft waves. "From that point we just thought about

survival, not racing," said crew member Yvonne Flatman, a trading standards officer in "civilian" life.

The ultra-competitive Tudor rejected the easier notion of running with the prevailing winds to Chile. He was determined to reach Hobart in time to participate in the final two legs of the race. British Steel II used its motor to reach Hobart, disqualifying itself from that leg and the race overall.

"We knew we were deep in iceberg country and we didn't have enough food or fuel to do anything except sail out of it. It was my decision to stay in the race and head for Tasmania," said Tudor. A spare mast has been flown out for British Steel II. The others are being repaired with new aluminium sections, some over half the length of the original spar.

"Of course I'm surprised at the damage we've suffered. I honestly thought the boats were built more substantially than that – if only because I'm responsible for the repair bills," said Blyth, who created and owns the race concept.

"But we've got them all here safely and that's a huge relief." Not least because next month Blyth is expected to announce plans for a successor race in even bigger yachts with more competitors. Against considerable scepticism he has proved that a taste for adventure and danger lurks within even the most deskbound of us.

Motoring

Ford gets it right first time

FORD REALLY has got its most important new model in years right first time.

Two weeks ago, I wrote here that if the Mondeo's on-road performance lived up to its paper promise, it ought to breathe new life into Ford. But I wondered out loud if, like quite a few new Fords in the past, it might have some aggravating drawback that would put me off.

It has not. I judged the left-hand drive 1.6, 1.8 and 2.0 litre Mondeo saloons and hatchbacks I tried in southern France last week well able to look rivals like the Vauxhall Cavalier (Opel Vectra), Nissan Primera, Toyota Carina E and Peugeot 405 in the eye.

Owners or users of the veteran rear-wheel driven Sierra that Mondeo replaces may well find it so much better that they will feel it has moved up half a class.

As multi-valve engines go, those powering the Mondeo are good without being outstanding. One can say the same of the standard five-speed gearbox. But what makes Mondeo shine is the thoroughness with which Ford has tackled noise, vibration and harshness.

All the cars felt reassuringly solid and throughout two days of energetic driving were speak and rattle free. I started with an entry-model 1.6 litre. At around 130 kph (81 mph) on the autobahn – all right, just a bit more – there was barely a whisper of

wind and tyre noise and only a soft hum from the engine.

Away from the autobahn's smooth tarmac the ride was snappy, shock-absorbent and quiet. Mondeo is shorter than Sierra, but its wheelbase is longer and the track wider. The medium low profile 65 series tyres did not roar on coarse surfaces, nor thump when hitting potholes. Four up

Stuart Marshall test drives the new Mondeo and is impressed

and with a boot full of luggage, it handled with elegance and ease. Power assistance, standard on all Mondeos, takes away steering effort but you still know what kind of surface the tyres are on.

The 90 horsepower 1.6 litre engine gives freely up to high revolutions in the gears but pulls smoothly in fifth from under 30 mph (50 kmh). The 1.8 litre, 115 horsepower Ghia I tried next felt much peppier. The 2.0 litre, 136 horsepower model more muscular still. The 1.8 and 2.0 litre Mondeos were enjoyable, even stimulating, to drive on the uncrowded D roads of the Var. There were times when I convinced myself the 2.0 litre could easily have been an Audi or BMW. But the 1.6 litre rode best; the least powerful, narrowest-tyred models always do.

Visibility is good over the short, down-sloping bonnet and the driving position is fine. The Ghia's soft leather seats with power adjustment could have come from a £20,000 car.

So does the Mondeo have no flaws at all? Not quite. A six-footer finds it difficult to be comfortable in the rear seat because head and legroom are meagre unless the person in front is short-legged. The overall gearing of the 2.0 litre models – only 30 mph/32 kmh per 1,000 rpm – is too low. Of course, it makes for great flexibility in town and vigorous acceleration in fourth or fifth – but who wants to cruise a 2.0 litre car on an autobahn at more than 4,000 rpm?

There is no rear-seat problem in the spacious Mondeo estate because the cushion is lower. I shall be surprised if the 2.0 litre cars do not go on sale with revised gearing.

Unquestionably, Mondeo is off to a good start. There will be signs of relief at Ford from March onward as it begins eroding the gains General Motors (Vauxhall and Opel), Rover and Peugeot have made at the ageing Sierra's expense.

The latest Escort has persuaded some Sierra buyers to trade down to a smaller but nicely furnished and more modern car of equal performance. Mondeo may do the same with Scorpio users.

Imagine a really posh model with the US designed and made 2.5 litre V6 engine, electronically-controlled automatic transmission and trac-

tion control system, leather trim and air conditioning. It would match or exceed Scorpio standards of luxury and performance without the bulk and it is coming before long.

So, too, are the four-wheel drive models, the turbo-charged and intercooled 1.8 diesels and the estate cars.

All we need to know are the prices, due for release just before the Mondeo's public debut at Geneva in March. If they are as keen as whispers suggest, Ford's recovery prospects will be brighter than seemed possible a few months ago.

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FASHION

Unsung rag trade heroes

ANYONE with more than a passing interest in fashion will know the identity of the British Designer of the Year. But the clothing exporter of the year? Who is that? Media and public interest is invariably design-led, yet high fashion designers turning over much more than £1m are the exception in the UK.

Clothing companies notching serious export success tend to be far less glamorous. Names from the heady realms of design, such as nostalgic Mulberry, menswear genius Paul Smith and cashmere leaders Pringle, have been winners but, more likely, are purveyors of men's duffle coats, inexpensive cotton separates or frilly children's wear. Yet these kind of companies are the main contributors to a total annual UK clothing export figure of more than £2bn. In spite of

Avril Groom on the back room stars of the UK fashion world

the recession, the figure is still increasing – albeit more slowly than in 1990.

Such unsung heroes of British fashion had their moment of glory this week, at the 1992 Apparel Export Awards. Organised by the British Knitting and Clothing Export Council, an industry-funded body which promotes clothing exports by helping firms exhibit abroad and linking them with potential agents and buyers, the awards, which I helped to judge, were presented at a gala dinner in London by the council's president, the Princess Royal, who, with her no-nonsense approach to glamour, is the perfect royal patron for this cause. Choosing eight winners from 74 nominees was serious business for a

judging panel drawn from journalism, industry and banking.

To be eligible, a company needed to have achieved continuing export growth over the past three years, if possible to have increased its workforce and to have a clear strategy for future growth. This was not easy last year and, several firms where exports grew quickly up until 1991, reported a slowdown.

Eventual winners varied from traditional outerwear firms to a glove-maker and a small-scale designer of upmarket cashmere with no formal training. Some have always pursued export markets while others have only recently altered their strategy, faced with a shrinking home market, to tackle them. Many are family-run and all share the conviction that, apart from the need for high-quality products efficiently delivered, successful exporting depends on personal contacts with, and visits to, the customers. The good designs displayed by this year's winners suggest that overseas buyers increasingly recognise that British fashion is not just about tradition but about innovative design that is also saleable.

We spotlight four of the winners: Ghost, womenswear winner, is recognised as a high-fashion leader, specialising in soft, flowing shapes made from piece-dyed, Italian-woven viscose crepe which gains its character from the shrinkage induced by the dyeing process. Innovative styling has recently given the label a high media profile. The spring collection was shown in neo-hippy, grunge style but individual pieces remain comfortably wearable.

London-based Ghost has increased its export sales over the past three years from £1.3m to almost £3m – they now account for 70 per cent of its total. The firm's founder and managing director, Tanya Sarnie, oversees every aspect, creating the range with designer Andrea Sargeant, who lives in Italy, and a UK-based team.

Married in the 1970s to the singer Mike Sarnie, Tanya says she learnt then to juggle limited amounts of money. With stylish commercial acumen she has increased the turnover from £250,000 in 1985 to about £2.75m. The US now accounts for one-third of total business, followed by Scandinavia. She says: "The secret is personalities – getting agents and customers who like and understand the clothes, which are very individual – and maintaining contact. We give an initial reply to any communication

within one day and we make on-time, complete deliveries".

Denis Groves, accessories winner, has taken exporting seriously since the arrival of managing director John Roberts three years ago. The 200-year-old company had lost its way promotionally, in spite of high-quality products, and was suffering from a fall-off in the home market. Roberts redirected the company from contract work to export, investing heavily in high-quality brochures and packaging, taking a high profile abroad at trade exhibitions and producing design innovations such as bright silk linings to raise the fashion image.

The result has been an increase in exports from 14 per cent to 70 per cent of total sales. Italy, itself a key word for top-quality leather, provides the best market. Roberts is very critical of lack of government support for the industry. "Companies get help with their first few foreign shows but that is quite inadequate to build a new market which is very expensive for small companies," he says. "It's typical British short-term thinking." The support to which he refers comes from the Department of Trade and Industry and amounts to about 50 per cent of the cost of a 15 sq m exhibition stand at the exhibitor's first three appearances in any one country, or five in certain cases.

The lingerie section needs retelling as the winner – H G Porter and Co – is the first men's nightwear company to win in the awards' seven-year history. Chairman Arthur Porter, the

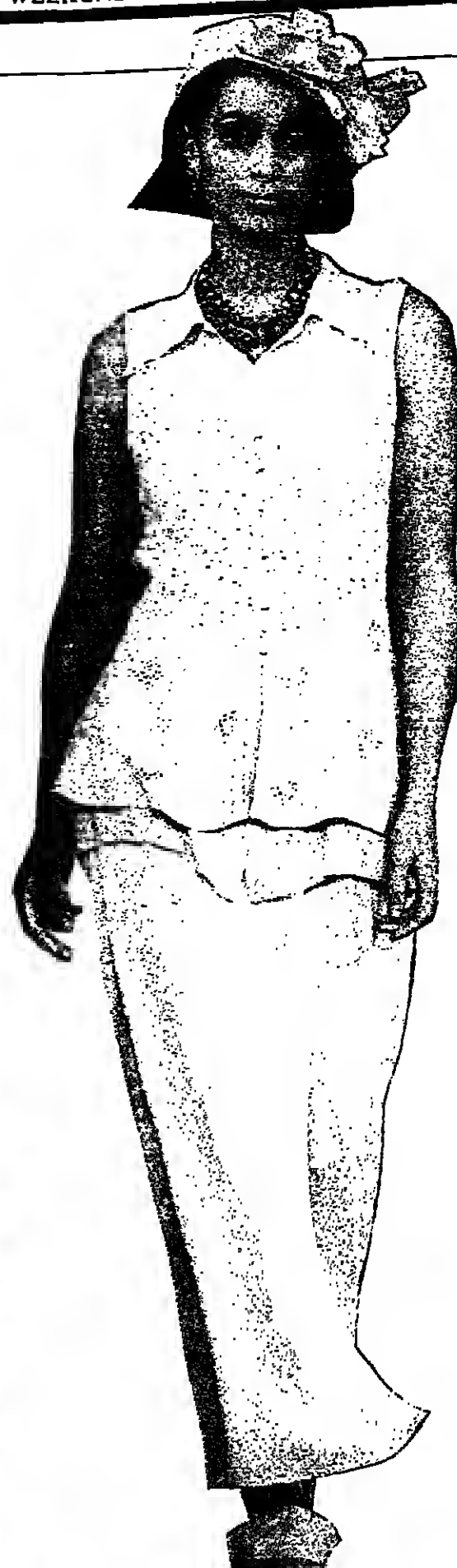
founder's grandson, has made a "concerted and strategic effort on export to Europe since 1988, preparing for the single market. Before that, our exporting was piecemeal, relying on chance personal contacts."

The Strabane-based firm was founded as a shirtmaker, going into nightwear through restructuring in 1985. "We had relatively little specialist competition so there was a niche," says Porter. "Since then I've become obsessed with pyjamas."

The results of extensive market research in Europe led to updating a traditional British look and seeing each country as a regional variant, not a different market. Exports have almost doubled in two years and he has taken on 30 extra employees. He credits his workforce, the BKCEC and the Northern Ireland Industrial Development Board.

Belinda Robertson wins the Natwest Award for small businesses with her £440,000 sales of which almost 90 per cent are exported. Her cashmere design firm started almost by accident when she modelled knitwear and thought the designs boring, sketched some ideas of her own and found she could sell them.

She moulds and drapes cashmere so it looks more like woven fabric, a style with upmarket success especially in the US. She says the secret is "all in the contacts – through them I show abroad privately, which is what top-level customers like." She also finds her Edinburgh base an advantage – "customers are delighted to visit because they can take in a little golf and tourism."



ABOVE: Flowing viscose crepe layers, 1993 neo-hippy style, by Ghost. Main stockists include: Whistles branches; Joanna's Tent, London SW3; Julie Fitzmaurice of Harrogate; and Kendals of Manchester. LEFT: Pura cotton nightwear, combining tradition and stylish design, from H G Porter and Co. Stockists include: Selfridges and Fenwick of Brent Cross; Rackhams and Kendals, both Manchester; Frasers of Edinburgh and Glasgow; and Switzers of Dublin.



LEFT: Simultaneously draped cashmere from Belinda Robertson. She has a showroom in Edinburgh and a small mail order brochure. For inquiries call 031-225-1057. Prices from £28.



ABOVE RIGHT: Best of British leather from Dents. Stockists include: Selfridges, Harrods and Owen Owen.

Cookery/Philippa Davenport

Join a real jam session

THERE IS something irresistible about Seville oranges. The name of them, and the heady scent released when a finger nail is run across the skin, are as brilliant as summer sunshine, just the spirit-lifter needed to dispel the gloom of dark-dark January.

At this time of year, unlike high summer, the idea of holding up in the kitchen for a jam session is not unappealing. The cosy warmth is inviting and there is an undeniable glow of satisfaction to be gained from making your own preserves.

What has become my standard marmalade recipe – one which is made with a little less sugar than traditional marmalade – is given below.

If time is short, it may make more sense to buy marmalade and to enjoy more immediate returns from the purchase of a few Seville oranges by turning them into a sharp and zesty pudding for Sunday lunch.

Wendy Brandon is an ace marmalade maker, from whom I am as happy to buy as to make my own. Her range is wide, using citrus fruits of all kinds and a variety of additional flavourings. They

include spiced lemon, orange with ginger, grapefruit and elderflower, satsuma, kumquat, orange with molasses and rum, pink grapefruit with campari, and lime with tequila. Her marmalades come with a choice of sugar content (the traditional ratio, reduced sugar, and with no added sugar at all). They are stocked by a few select shops and can be bought by mail order: Wendy Brandon, Felin Wen, Boncath, Dyfed SA37 6JR. Tel: 0239-841568. Fax: 0239-841746.

Another commercial offering of which I am especially fond is Twinkl's "Earl Grey" marmalade. Although high in sugar, this is delectable, made with bergamot, that most aromatic of bitter fruit. Its zesty oil gives good-quality Earl Grey tea its characteristic fragrance. It is a marmalade I will go a long way to buy, which is just as well, since it involves a pilgrimage to central London – it is available only to personal shoppers at Twinkl's shop in the Strand, London WC2.

Nowhere near so distinctive but chunky, dark and good is Duerr's extra thick-cut, traditional marmalade, which has the advantage of being stocked



by grocers and supermarkets countrywide.

REDUCED SUGAR MARMALADE

(makes enough to fill eight jars) Organic fruit, or at any rate unsprayed, is desirable for marmalade-making and any other recipe that uses the zest or peel.

4 lb Seville oranges; four lemons; 6 lb granulated or preserving sugar.

Squeeze the juice from all the fruits into a preserving pan. Put the peels and the membrane remaining in the citrus shells into a loosely-tied, hutter muslin bag. Shred the peel coarsely or finely as you like it, and add it to the pan with the bag of peels and 8 pt cold water.

Cook over very low heat for two to three hours until the peel is so tender that it can be squashed between finger and thumb, and the liquid has reduced by about half.

Remove the bag of peels and membrane (squeeze it with a wooden spoon in a sieve so all the pectin-rich juices drip back into the pan) and discard it.

Add the sugar and stir over very low heat until it is fully dissolved, then cook at a rolling boil until setting point is reached – when a thermom-

eter will read 220°F (104°C). This usually takes 10 to 15 minutes.

Skim, let the marmalade stand for 10 minutes or so, then stir to distribute the peel evenly in the jelly, and pot in the usual way.

LITTLE SEVILLE PUDDINGS (serves 6)

For those who want to enjoy the zesty scent and lovely taste of bitter oranges without the labour of marmalade-making, here is a good pudding for Sunday lunch. How many oranges you will need depends on their size and juiciness: six is a fair average.

8 fl oz freshly-squeezed Seville orange juice and several pinches of finely grated zest; 6 oz caster sugar; 3 oz softened butter; four large eggs; 2 oz flour; 8 fl oz milk; fromage fraise or whipped cream for serving.

Beat the butter and sugar with an electric whisk until creamy. Beat in the orange juice, gradually, then the egg yolks, one at a time. Do not worry if the mixture looks curdled. Beat in the flour, then the milk, adding it slowly.

Whisk the egg whites to snowy peaks and fold the Seville orange juice mixture into them, adding pinches of zest as you do so.

Ladle the mixture into six individual soufflé dishes which have been lightly buttered. Stand them in a roasting tin and add enough hot water to come halfway up the sides of the dishes.

Bake at 350°F/375°F (180°C/190°C) gas mark 4-5, for about 40 minutes until puffed up, coloured and softly set. The surface of the puddings will crack

as they cook and the mixture becomes light and spongy on top and creamy underneath.

Little Seville puddings are best to eat about 10 minutes after they come out of the oven. They sink a little as they cool, so dress them with dollops of fromage fraise or cream and a pinch of zest just before bringing them to table.

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HOW TO SPEND IT

Designs on your purse

ANYONE WHO wants to dispel mid-winter gloom after the January sales should head for London's Montpelier Street, where Bonhams is mounting its second Decorative Arts Today exhibition.

From January 25 to February 7, Bonhams is offering a rare opportunity to see under one roof the work of leading British designer-makers - no fewer than 140 of them this year. Most is for the home: furniture, lighting, rugs, wall-hangings, glass, ceramics, tableware, silver and beautifully bound books, but it also includes jewellery.

When Bonhams decided to sell exciting new work in this way last year, the gamble paid off. Paul Whitfield, deputy chairman, said: "First in at the door was the chairman of another leading London auction house - last out was Mick Jagger, who had bought 18 works." This year's exhibition

promises to be richer, bigger and even more diverse. As soon as work is sold, it is replaced by another piece by the same designer. All exhibits have been designed and made in the 1990s and, after last year's success, most of the designers have created, work

Peta Levi takes a look from the inside at a sale of decorative arts

specifically for the exhibition. For instance, Senior Carmichael has made a backgammon table in American cherry, with a concealed playing surface and holding coloured sycamore stones and leather shakers and dice (£3,500), and two matching chairs (£295 each). Glen Hinton has made a hall table in carved wood, patinated copper and laminated glass (£1,800), Martin

Grierson an elegant drop-leaf table in ripple sycamore with ebony stringing and six chairs (£7,750), while Bob Crooks is showing his first glass chandelier (£1,850) and Alan Calger-Smith his one-off pieces - sadly the last chance to buy his new work in London, because his Aldermaston Pottery closes in May.

All the designers were encouraged to produce objects that are practical as well as decorative. Dining tables and chairs, coffee tables, mirrors, side tables, lamps, screens, candlesticks and coffee caddies are among the objects featured. Architect Jack Schneider has designed a striking dressing table, in burl poplar and lacquered MDF, with a large, round bevelled mirror (£3,560), while John Whittle has made an unusual bedroom wardrobe, incorporating blue ash veneer (£1,000).

The exhibition sets out to show the wealth of design talent and craftsmanship in Britain today. It also illustrates the great diversity of styles. There is finely crafted wood-based furniture deriving from the Arts and Crafts Movement by designers such as Alan Peters, Ashley Cartwright, Jeremy Broun and Richard Williams; sculptural, minimalist furniture by Ron Arad, whose surprisingly comfortable steel chair has a flexible, woven, polished steel tub which rolls up to form a foot rest; Danny Lane's dramatic two-metre glass table with six legs; painted furniture by Tony Isseyegh showing the Bloomsbury Group's influence; and more eclectic and flamboyant styles, from Regency-inspired metal work by Adrian Reynolds to a Baroque-influenced candlestick by Felicity Evans.

The price range is from £15 to more than £12,000. Collectors' items such as John Makepeace's library chair carved in hurr elm with pivoted leather lecterns for reading and writing (£11,850), an exquisitely made treasure chest by Robert Ingham (£3,100) and a delicate cloisonné enamelled egg box (£1,360) by Maureen Edgar should not deter less well-heeled prospective buyers.

There are wooden baubles from £15 by Hayley Smith, fine, wooden bowls by Bert Marsh from £25 (turned wood is an increasingly accessible collectable for those of modest means



Above: Seating Egyptian-style. A painted hardwood chair by Vernon Gibberd, 1980

Above left: Curving metal chair with scroll work back and scroll arms by Adrian Reynolds, 1992

a piece by another exhibitor. Steve Howlett, was recently bought for the Sainsbury Collection) and silver rings with bright artificial stones by Tina

Engell from £100. There are also hand-printed and painted cushions by Neil Bottle from £75, ties from £32, colourful anodised aluminium plates and bowls by Patricia Hamilton from £35, sensuous coloured

jugs by Marianne Buus from £30 and ceramics from £40 by Chris Carter (the Sainsbury Collection has bought some of his work, too) and Sarah Perry (who was taught by Lucie Rie and Hans Coper).

The designers were asked to keep their prices low and many have produced some particularly good buys. Bev and Mark Houlding, who make fantastic painted and lacquered screens, have offered to make an edition of four screens, painted on one side only, for £2,000, half their usual price. Camilla Meddings, one of a number of young designers using old gilding and lacquering techniques in a contemporary manner, is exhibiting a mirror (£140)

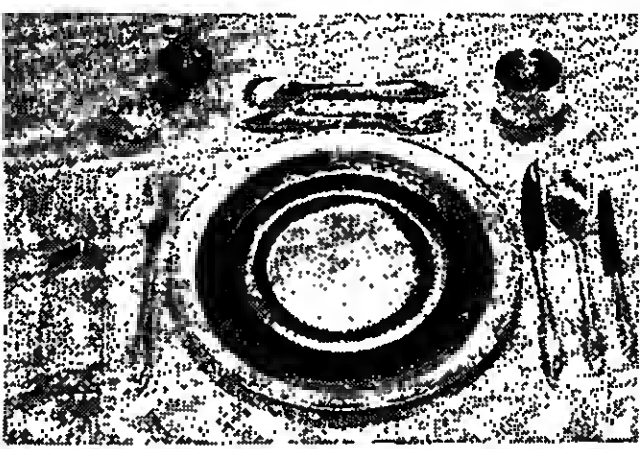
which depicts Artemis and Apollo, using tarnished copper and gold leaf.

There is exceedingly good value in wall-hangings from established designers including Noel Dyrenforth, the leading contemporary British batik exponent (£350), and the much respected weaver, Peter Collingwood, whose linen and steel hanging costs only £220. Also, a Richard La Trobe Bate child's highchair in cleft ash is going for only £395!

Some reasonably priced bound books are being exhibited. Jan Lindsay produces bookbindings with blank pages so that you can create your own book; the bookbindings (£390), made from oak boards



A treasure chest in burr elm and bog oak with sycamore trays and metalwork, £3,100 by Robert Ingham



A selection of tableware, all by Patricia Hamilton. Six-piece cutlery in sterling silver (£715) and brilliant cerise anodised aluminium plate from £35

FOOD AND DRINK

There's still lunch out there

Nicholas Lander considers the first responses to the FT's 'lunch for a fiver' scheme

ORGANISING the Weekend FT's Lunch for a Fiver has made me feel like a restaurateur again. Initially, I wondered if it had been priced too low for restaurants to offer the right menus. Were there enough restaurants to satisfy demand? Was I, as one leading restaurateur wondered, sending out false signals about the financial state of the restaurant trade?

The initial reactions, reported last Saturday, were encouraging, but any concerns finally evaporated on Monday. A financial journalist from a rival newspaper phoned to say that she had returned satisfied, in the company of a former cabinet minister, from her £5 lunch at Frederick's, in London, N1. Her £5 menu had been excellent and served with the same attention to detail as the restaurant's normal lunchtime menu at three times the price.

A neighbour, finance director of a large public company, told me that

he was taking advantage of the scheme to take a number of his staff out for a £5 lunch as a thank you gift. Other restaurants have also reported a marked increase in the number of larger bookings as a result of the lower unit price being offered.

Martin Lam at Ransome's Dock, London, SW11, said that on Monday lunch he had served 34 customers compared with an average of 20 on Mondays and that the per capita spend had been £18. On Tuesday he served 54 customers - this surprised him since the restaurant can only seat 30.

The Brasserie at the Café Royal in Regent Street, London, W1, was

fully booked on Monday, a day when usually, according to general manager David Pankin, it is never more than half full. Its menu was a model of what a creative chef such as Herbert Berger can do for £5. A salad of mussels and baby clams with coriander pesto and balsamic vinegar was followed by braised lamb shank with garlic confit and root vegetables. They had to turn customers away the following day and are busy converting tables normally used for pre-lunch drinks into dining tables to satisfy demand.

One of the reasons for the success of "Lunch for a Fiver" has been its simplicity. All you have to do is choose your restaurant, phone to

make a booking specifying that you are coming for the FT menu - two courses for £5 - and arrive on time. Remember it applies to weekdays only and finishes on Friday January 23.

A number of restaurants are already full for the whole period but there is always the possibility of a cancellation. And, like any sale bargain, a little patient hunting will make the eventual prize more satisfying. Try to be a bit flexible with your timing - eating closer to 12 than 1pm - and you may stand a better chance of a table.

Attention all wine collectors. It is rare enough to have the chance to

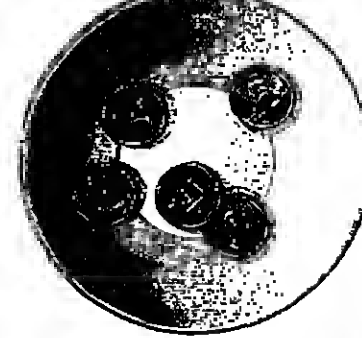
taste the Bordeaux first growths together, particularly from such a glamorous and highly priced vintage as 1992. But, at an exceptionally luxurious event planned for Wednesday, February 3 at the Savoy Hotel in London, the pre-dinner tasting will include not just this line-up but six Corton-Charlemagne and six de luxe champagnes. Suitable palate sharpening for the dinner and accompanying wines as sumptuous as Chx Léoville-Barton 1985 and Pichon-Lalande 1983. There is a catch, but if wine collectors were honest with themselves and their cellars, it is probably a relatively small one. Tickets cost a donation of a case of

wine worth at least £250, to be auctioned by Sotheby's on April 21 in aid of the Tommy's Campaign for research into fetal health. More information from Susie Roberts on 071-620-2854.

□ □ □

The Gulf is not the most obvious place in the world to learn about wine, but the Wine and Spirit Education Trust, has been running courses out there this month for incheape Middle East.

The WSET (tel: 071-236-3551) is the official body for formal wine trade education, but there are many other approaches to liquid evening classes to choose from, even in London. The Wine School of Fulham



(071-736-7009) has an array of excellent, non-stodgy speakers, Christie's South Kensington (071-581-3933) has some marvellous classic wines, while Wineless in Islington (071-254-9734) offers a useful balance between the two. Many of the livelier wine merchants offer one-off tastings too, notably Winecellars of Wandsworth (081-871-2668) and La Vigneronne of South Ken (071-586-6113).

WHERE TO GET LUNCH FOR A FIVER

Lunchtimes Monday January 18 until Friday January 23

Adelaide, 79 Upper St Giles Street, Norwich	Tel: 0603 633522	Drones, 1 Pont Street, London SW1	Tel: 071 235 9638	Pierre Victoire, 52 Coburg Street, Edinburgh	Tel: 031 555 6178
Al San Vincenzo, 30 Connaught Street, London W2 2AF	Tel: 071 282 9623	Florians, 4 Topfield Parade, Middle Lane, London N8 8RP	Tel: 081 348 8348	Pizzicato, 34 Rupert Street, London W1	Tel: 071 734 0122
Alastair Little Bar, 48 Fifth Street, London W1V 5TE	Tel: 071 734 5183	Fredericks, 105 Camden Passage, Islington, London N1	Tel: 071 358 2888	Pomegranates, 94 Grosvenor Road, London SW1B 3LF	Tel: 071 828 6560
Anchor, 34 Park Street, London SE1	Tel: 071 407 1577	Freecol Bucklebury, Queen Victoria Street, London EC4	Tel: 071 248 0095	Restaurant and Arts Bar, 78 Wigmore Street, Jesona Court, London W1	Tel: 071 224 2992
Angel, 101 Berners Street, Wall East, Rotherhithe, London SE18	Tel: 071 237 3606	Gilbert's, 2 Exhibition Road, London SW7	Tel: 071 589 8847	R&J, 13a Coln Street, London SE1	Tel: 071 928 4554
Arnyell, 318 Kings Road, London SW3 5UH	Tel: 071 352 0025	Graham's Seafarer, 38 Poland Street, London W1	Tel: 071 437 0975	Roud Britannia, 14 Finsbury Square, London EC2	Tel: 071 256 6997
Armistice, 20-22 Mathew Street, Liverpool	Tel: 051 236 4123	Griffith St Quentin, 2 Yeomans Row, London SW3	Tel: 071 581 8377	Scarlot 10a The Broadway, London SW1	Tel: 071 222 3338
Au Jardin des Gourmets, 5 Greek Street, London W1	Tel: 071 437 1616	Hilaira, 68 Old Brompton Road, London SW7 3LR	Tel: 071 584 8993	Sheekey's, 28-32 St Martins Court, London WC2	Tel: 071 240 2555
Bahn Thai, 21a Fifth Street, London W1	Tel: 071 437 8504	182, 192 Kensington Park Road, London, W11	Tel: 071 229 0482	Simpson's-in-the-Strand, 100 The Strand, London WC2	Tel: 071 836 0112
Balzac, 4 Wood Lane, London W12	Tel: 071 621 1331	1 Sardi, 112 Cheyne Walk, London SW10	Tel: 071 352 7534	Sloans, 27-29 Chad Square, Hawthorne Road, Edgbaston, Birmingham	Tel: 021 455 6997
Beauchamps, 23/25 Leadenhall Market, London EC3	Tel: 071 267 0718	Isammi 10 Lime Street, London EC3	Tel: 071 623 3616	Smiths Restaurant, 25 Neal Street, London WC2	Tel: 071 379 0310
Belgo, 72 Chalk Farm Road, London NW1	Tel: 071 734 4545	King's Head, Irvinghoe, Leighton Buzzard, Bedfordshire	Tel: 0296 682624	Smolensky's Bellou, 1 Dover Street, London W1	Tel: 071 491 1199
Bistro Bruno, 63 Fifth Street, London W1	Tel: 071 581 5666	L'Accento, 18 Garway Road, London W2 4NH	Tel: 071 243 2201	Smolensky's on the Strand, 105 The Strand, London WC2	Tel: 071 487 2101
Bistro 198, 189 Queen's Gate, London SW7 5EU	Tel: 071 727 5452	L'Altre, 210 Kensington Park Road, London W11 1NR	Tel: 071 792 1086	Snows on the Green, 168 Shepherds Bush Green, London W6 7PB	Tel: 071 803 2142
Boyd's, 135 Kensington Church Street, London W8 7LP	Tel: 081 748 0107	La Belle Epoque, 61-63 Dublin Road, Belfast	Tel: 0232 323244	Sony's, 3 Carlton Street, Hockley, Nottingham	Tel: 0602 473041
Brackenbury, 129-131 Brackenbury Road, London W10	Tel: 081 988 5828	La Brasserie, 60-61 St Mary Street, Cardiff	Tel: 0222 372164	Sony's, 94 Church Road, London SW13	Tel: 081 748 0393
Brasserie du Marche, 349 Portobello Road, London W10	Tel: 081 988 5828	La Rive Gauche, 61 The Cut, London SE1	Tel: 071 828 8845	Stephen Bell Bistrot, 71 St John Street, London EC1	Tel: 071 490 1750
Brasserie Fourty Four, 44 The Cells, Leeds	Tel: 0532 343232	La Truffe Noire, 29 Tooley Street, London SE1	Tel: 071 378 0621	The Café Royal (Brasserie), 68 Regent Street, London W1	Tel: 071 437 9090
Café des Arts, 82 Hampstead High Street, London NW3	Tel: 071 435 3508	Le Café des Amis du Vin, Covent Garden, London WC2	Tel: 071 378 3444	The Lindsay House, 21 Romilly Street, London W1	Tel: 071 439 0450
Café Flo, 149 Kew Road, Richmond, Surrey	Tel: 071 871 9573	Le Marché Noir, 2-4 Eyre Place, Edinburgh	Tel: 031 558 1608	The Marsh Goose, High Street, Moreton-in-Marsh, Gloucestershire	Tel: 0608 521111
Café Flo, 678 Fulham Road, London SW8	Tel: 071 226 7518	Le Mesurier, 113 Old Street, London EC1	Tel: 071 251 8117	The Vintners Rooms, 87 Giles Street, Leith, Edinburgh	Tel: 031 534 6767
Café Flo, 334 Upper Street, Islington, London N1	Tel: 071 727 4142	Le Pith Normand, 185 Merton Road, London SW18 5EP	Tel: 081 877 0998	The Ubiquitous Chip, 12 Ashton Lane, Glasgow	Tel: 041 334 6007
Café Flo, 127-9 Kensington Church Street, London W8	Tel: 071 435 6744	Le Pothot (Café), 45 Cheapside, London EC2	Tel: 071 236 4379	Turner's, 67-69 Walton Street, London SW3	Tel: 071 584 5711
Café Flo, 205 Haverstock Hill, London NW3 4QG	Tel: 071 886 6289	Les Sauvages, 37a Curzon Street, London W1	Tel: 071 491 8918	Tuttol 17-20 Kendell Street, London W2	Tel: 071 724 4533
Café Flo, 51 St. Martins Lane, London WC2	Tel: 071 636 1999	Les Sauvages, 37a Curzon Street, London W1	Tel: 071 491 8918	Turner's Dock, 35 Park Gate Road, London SW11	Tel: 071 223 1611
Café Italien, 19 Charlotte Street, London W1	Tel: 071 378 0097	Lussol 15 Lowndes Street, London SW1	Tel: 071 235 2525	Riva, 169 Church Road, London SW13 9HR	Tel: 081 748 0434
Café Rouge, The Pizzeria, Hays Galleria, Tooley Street, London SE1	Tel: 081 332 2423	Markwick, 43 Corn Street, Bristol	Tel: 0272 262658	The Red Fort, 77 Dean Street, London W1	Tel: 071 437 2525
Café Rouge, 7a Petersham Road, Richmond, Surrey	Tel: 081 944 5131	Migeeon, 143 Ebury Street, London SW1	Tel: 071 730 4099	Tuttons Brasserie, 11-12 Russell Street, London WC2	Tel: 071 838 4141
Café Rouge, 26 High Street, Wimbledon, London	Tel: 071 352 2226	Ming, 35-36 Greek Street, London W1	Tel: 071 734 2721	Veronica's, 3 Hereford Road, London W2	Tel: 071 229 5078
Café Rouge, 390 Kings Road, London SW3	Tel: 071 938 4200	Mon Plaisir du Nord, 358 The Mall, London N1	Tel: 071 359 1932	Villandry Dining Rooms, 89 Marylebone High Street, London W1	Tel: 071 487 3616
Café Rouge, 2 Lencar Square, Kensington Church Street, London W2	Tel: 071 221 1509	Monkeys, 1 Cale Street, Chelsea, London SW3	Tel: 071 352 4711	Waltons, 121 Welton Street, London SW3 2HP	Tel: 071 584 0204
Café Rouge, Unit 209 Whiteleys Centre, Bayswater Road, London W15 2NA	Tel: 081 788 4257	Mr Garraways Fish House, 48 Gresham Street, London EC2	Tel: 071 606 8209	Wheaters, 1-4 South Molton Street, London W1	Tel: 071 629 2471
Café Rouge, 200/204 Putney Bridge Road, London SW15 5HS	Tel: 071 487 4847	Mr Pontac's Candlewick Room, 45 Old Broad Street, London EC2	Tel: 071 629 7929	Wheaters, 20 Dover Street, London W1	Tel: 071 629 5417
Café Rouge, 46/48 James Street, London SW3	Tel: 071 371 7600	Newtons, 33 Abbeville Road, London SW4 8LA	Tel: 081 673 0977	Wheaters, Alcovoe, 17 Kensington High Street, London W8	Tel: 071 937 1443
Café Rouge, 855 Fulham Road, London SW3	Tel: 081 342 9797	Normandie, Elburt Lane, Birtle, Manchester	Tel: 061 784 3669	Wheaters, 125 Chancery Lane, London W2	Tel: 071 404 6071
Café Rouge, 6-7 South Grove, Highgate, London NW3	Tel: 071 433 3404	Odette's, 130 Regents Park Road, London NW1	Tel: 071 588 5486	Wheaters, 19-21 Great Tower Street, London EC3	Tel: 071 626 3985
Café Rouge, 19 High Street, Hampstead, London W11	Tel: 081 960 2732	Ortel, 51 Sion Square, London SW1 5AX	Tel: 071 730 4275	Wheaters, 9-13 Fenchurch Buildings, Fenchurch Street, London EC2	Tel: 071 488 4848
Café Rouge, 31, Kensington Park Road, London W10	Tel: 071 822 4082	Osteria Antica Bologna, 23 Northcote Road, SW11 1NG	Tel: 071 976 4771	Wheaters, 33 Foster Lane, London EC2	Tel: 071 606 8254
Canal Brasserie, 222 Kensal Road, London W14 0AS	Tel: 071 371 6271	Pallo, 175 Westbourne Grove, London W11	Tel: 071 221 6824	Wheaters, 12a Duke Street, London W1	Tel: 071 930 2460
Chinon, 25 Richmond Way, London W14 8EZ	Tel: 071 352 2718	Pierre Victoire, 10 Victoria Street, Edinburgh	Tel: 031 225 1721	Wheaters, 19 Old Compton Street, London W1	Tel: 071 437 2708
Cibo, 3 Russell Gardens, London W14 8EZ	Tel: 071 352 2718	Pierre Victoire, 38-40 Grassmarket, Edinburgh	Tel: 031 225 1721	Willoughby's, 25 Penton Street, N1	Tel: 071 833 1380
Darr's, 119 Sydney Street, London SW3	Tel: 071 267 7322				
Daphne, 83 Bayham Street, London NW1 0AG	Tel: 071 734 8300				
de'l'Ugo, (Ground Floor) 58 Fifth Street, London W1V 5TA	Tel: 071 488 9932				
Dickens Inn, St. Katherine's Way, London E1	Tel: 081 780 8361				
Del Buongustato, 283 Putney Bridge Road, London SW15	Tel: 081 780 8361				

BOOKS

Experiment to lyricism

IN THE 60 years between 1870 and 1930 there emerged a remarkable number of poets in the US. About one, T.S. Eliot, there can be no doubt as to his international reputation. Ezra Pound's significance, too, is without question despite his less appealing persona. Robert Frost's poetry was received with acclaim in Britain long before he was recognised in his own country.

But there were others, less well understood outside the US, who are also of considerable importance. Wallace Stevens and William Carlos Williams are of this number. Then there were Edwin Arlington Robinson, Carl Sandburg, Robinson Jeffers, Marianne Moore, John Crowe Ransom and Hart Crane. Of this latter group the most provocative was the son of a New England Congregational minister. His name was Edward Estlin Cummings and he was born in 1894 in Cambridge, Massachusetts.

Cummings had been publishing poems since his early 20s but he did not become widely known until the appearance of

E E CUMMINGS: COMPLETE POEMS 1904-1962
edited by George J. Firmage

Liveright & W. W. Norton £33, 1,102 pages

his prose work *The Enormous Room*. This savage attack on authority was the result of being imprisoned by the French in the First World War for something he wrote in his letters while he was serving as a member of the Norton Harjes Ambulance Unit.

The Enormous Room sent readers back to Cummings's first book, *Tulips and Chimneys*, published in 1923. Some of the "Songs" in *Tulips*, like "all in green went my love riding", have a *fin de siècle* flavour, but "Chimneys" contains such now-well-known language experiments as "In Just-spring" and "Buffalo Bill's dead". There are also attacks on "Cambridge ladies who live in furnished souls" and who would not find at all acceptable such poems as "Kitty", sixteen, 51, white, prostitute" and the sardonic "Humanity I love you".

If in the early poems there was a too obvious desire to *épater les bourgeois* it was evident by the 1930s that Cummings had something more serious on his mind. In *Viva and No Thanks* we see him pushing forward the boundaries of communication, attempting to use words as he did paint on canvas - as in the notorious grasshopper poem ("r-p-o-p-h-e-s-s-a-g-y").

In *New Poems and 50 Poems*

Cummings abandoned such extreme modernist experiments and developed a new and more intimate form of lyricism seen at its best in "this little bride & groom" and the powerful and moving "my father moved through dooms of love".

One of the most striking things about him is his defiant individuality in an age of conformity - his readiness to attack what he saw to be the ills of society ("a salesman is an it that stinks Excuse", "a politician is an arse upon which everyone has sat except a man"). In Cummings's introduction to the *Collected Poems* of 1938 he said "The poems to come are for you and for me and are not for most people". But to be uncivilly disobedient like a bohemian Thoreau is one thing. What about the calibre of Cummings's verse?

R.P. Blackmur counted "flower" 48 times in *Tulips and Chimneys*, concluding that Cummings's word must contain an almost unlimited variety and extent of meaning. Any attempt to evaluate Cummings's contribution to poetry must therefore take into account the fact that he does not always exploit the fullest resources of the English language. Like Henry Miller in prose he was outré, shocking - sticking out his tongue at what H.L. Mencken called the "booboisie". On the other hand it cannot be denied that life leaps from his best poems.

Cummings is least successful when he is being self-consciously hard-boiled, as in "Poem, or Beauty Hurts Mr Vinal" or "she being Brand-new". He is far better in his ironic comments on war like "my sweet old cetera" and "plato told him" and in his ability to catch the flavour of low-life speech, as in "ygu-duh". But he is best of all in such tender and unsentimental lyrics as "the little horse is new/born". Simplicity has its virtues and although Cummings's poems might seem a little contrived today, there is a freshness about them which makes the reader return again and again with a sense of delight.

George J. Firmage has revised, corrected and expanded the *Complete Poems* of 1973 using the original manuscripts and getting the typography right. He has also added poems from Cummings's Harvard years and from the *Diol Papers*, and his translations of Horace. It is all here, and although one cannot say with one's hand on one's heart that it adds a great deal to our perception of Cummings's quality as a poet, it certainly does not detract from it.

Geoffrey Moore

Stylish thoughts

COULD die reading Joan Didion. It would be the perfect way to go - slipping effortlessly into the deep, dark spiral of the long goodbye while gorging on the unimprovable sentences with which Joan Didion constructs her narratives.

Consider the perfection of this short passage: "I was 10 years old when 'the atomic age' was called it then, came forcibly to the world's attention. At the time the verbs favoured for use with 'the atomic age' were 'dawned' or 'ushered in', both of which implied an upward trend to events. I recall being told that the device which ended World War II was 'the size of a lemon' (this was not true) and that the University of California had helped build it (this was true)." In the opinion of her publisher, *Sentimental Journeys* is Joan Didion's "latest foray into the ailing American psyche", a world of disconnectedness that Didion lacerates with the "severe, crystalline beauty" of her prose.

What the publisher does not emphasise is that most of the essays here are warmed-up potatoes: they appeared first in magazines. Nevertheless, not everyone is a devoted reader of *The New York Review of Books* or *The New Yorker*, let alone *New West*, so the publisher is performing a service.

The collection does not start well. Its opening section is entitled "Washington" and contains an essay largely about Nancy Reagan - "Her social skills, like those of many women trained in the insular life of the motion picture community, were strikingly undeveloped" - that is strikingly second-hand, as well as substandard. But then the focus moves to California, where Didion is more at home. Curiously, even this section opens with a dud, *Girl of the Golden*

West, which is about Patty Hearst and is that most unusual thing: a completely useless piece of writing.

Then things take off. *Los Angeles Days* is an essay about the five-month 1968 Writers Guild of America strike against the Hollywood studios; *Fire Season* about... the California fire season; and *Sentimental Journeys* (by now we have moved to New York) about the gang-rage of a white middle-class jogger in Central Park in April 1989. All three show Didion at her best: as reporter, as interpreter and as stylist.

SENTIMENTAL JOURNEYS
by Joan Didion

HarperCollins £15, 319 pages

The style is crucial. There are better, more industrious reporters than Didion, and her insights are sometimes highly odd. Quite often, I suspect, we are not gaining a privileged view of the hidden springs of American culture, business or politics, but a privileged view of the inside of Joan Didion's head, where billions of exotic chemical connections bearing no relation to reality are completed every second.

But so what? Cosmologists are now tending to the view that there is an infinite number of universes, popping into, and out of, existence all the time. Where Joan Didion came from, no one can imagine, where she is going must be extraordinarily weird. How I wish I could follow her.

■ Flamingo is reissuing Joan Didion's *Slouching Towards Bethlehem* and *The White Album* in paperback at £8.99 each.

Michael Thompson-Noel



A detail from François Boucher's 'The Triumph of Venus', from 'Painting and Sculpture in France, 1700-1789' by Michael Levey (Yale £40). YUP took over the Pallas History of Art series from Pinguin last year. This classic 1972 study of 18th-century French art is the first Pallas volume to be re-issued by Yale but it has been substantially revised and expanded by Sir Michael.

In the beginning...

NEITHER the New Ageist title nor the mawkish cover illustration does this book justice. Within, it is a feast. Absorbing and elegantly written, it tells of the origins of life on earth, describes its variety and character, and culminates in a discussion of human nature and the complex traces of humankind's evolutionary past - hence the "shadows" of the title. This is fascinating science gracefully purveyed. The exposition is leisurely, literate and witty, sometimes self-indulgent but always pleasingly so. It is an amazing story masterfully told - easily the best popular introduction to ethology and evolutionary biology now available.

The story begins at the beginning: with the turbulent mass of dust and gas which spawned the sun and its planets, and prompted the frightening early history of earth. Thereafter the tale unfolds more circumstantially. Its proper commencement lies with the stomatolites, single-celled organisms living in colonies, whose fossils date back three and a half billion years. From these most ancient of creatures life's perilous history stems.

To recount that history Sagan and Druyan have to explain genetics and evolutionary theory. They do it with exemplary lucidity. Thus armed, they give dazzling accounts of insects, snakes, apes, humans, and much besides, aiming to give us a sense of humanity's place in the evolutionary scheme by exhibiting the enormous variety and curiosity of life and the connections which unify its story. "We achieve some measure of adulthood", the authors write, "when we recognise our parents as they really were, without sentimentalising or mythologising, but

also without blaming them unfairly for our imperfections." When with similar dispassion we understand something of our evolutionary inheritance - our biological parentage - we come of age as a species.

Every page yields nuggets. The kind of lesson to be learned from biological understanding is well illustrated by the following juxtaposition of facts. Humans find it convenient to yield male domestic animals. "One or two skilled motions of the blade or a deft bite by a reindeer-herding Lapp woman - and the testosterone

differences are highly instructive. One female chimp, taught to sort pictures of humans and non-humans into different categories, placed pictures of chimps in the "human" file.

The authors venture some controversial sallies. Sagan is famous for arguing that there must be life elsewhere in the universe. Here he and Druyan make an analogous suggestion: that consciousness might be a more pervasive feature of terrestrial life than most thinkers allow. Even insects, they muse, could have a measure of awareness beyond the merely reflexive. The naturalist Jakob von Uexküll wrote, "When the dog runs, the dog moves its legs. When the sea urchin runs, the legs move the sea urchin."

But Sagan and Druyan are not so sure. After describing the astounding engineering skills of the spider, they remark, "she spins her web now. She reaps the reward later, perhaps much later. Does she know what she's waiting for? Does she dream of succulent moths and foolish mayflies? Or does she wait with her mind a blank?" Such innocuous-seeming questions prompt others that are among philosophy's deepest.

Analogy presents the authors with their most dangerous temptation. Parallels between animal and human characteristics can enlighten remarkably, but also mislead. Yet although they sometimes tread close to the edge, Sagan and Druyan are alert to the risks, and indeed end the book by warning against them. One is left with a strong sense that what underlies their remarkably skilful and accessible account is high scientific competence. It is this which makes their book so good.

A.C. Grayling

SHADOWS OF FORGOTTEN ANCESTORS
by Carl Sagan and Ann Druyan
Random Century £17.99, 305 pages

one levels are down to manageable proportions", the authors remark. Only a few males are left intact for breeding purposes. In the wild, when one male is defeated by another in a mating contest - and this applies to creatures as different as snakes and apes - the conquered male's testosterone levels decline steeply and he slinks away. One major effect, as with domestic animals, is that trouble is kept within bounds.

Parallels must be treated cautiously. Humans and chimpanzees share 99.6 per cent of their active genes, inherited from a common ancestor. By any standards this is close kinship. But the differences - outstandingly, language and what language makes possible - are more obvious than the similarities. Still, as the authors show in four fascinating chapters on monkeys and apes, both the parallels and

Fiction/Lucasta Miller

Relentless introspections

THEORY OF WAR
by Joan Brady

Andre Deutsch £14.99, 208 pages

THE ORIENT-EXPRESS
by Gregor von Rezzori

Chatto & Windus £13.99, 208 pages

COSMO COSMOLINO
by Helen Garner

Bloomsbury £13.99, 221 pages

hatred for George, by now a successful politician. After half a century of separation, they are reunited in a final, fatal confrontation.

Joan Brady's novel is in part an act of personal catharsis - an attempt to exorcise the emotional scars transmitted down the generations. But it also universalises the individual's story into a symbolic parable of human cruelty and its effects. If the novelist's artistry sometimes gets in the way of the raw experiences she describes, *Theory of War* still achieves a genuine tragic weightiness.

Gregor von Rezzori's *The Orient-Express* is another novel about reclaiming the past. Its unnamed narrator, born into the pre-war cultural elite of central Europe, has been an American capitalist since the 1940s. At 65, afflicted by a delayed bout of adolescent



Helen Garner: honesty of prose

ban; his student obsession, fed by an overdose of Nietzsche, with suicide. Central to his present *emul* is an inability to forge emotional relationships with women. His thoughts return again and again to his alienated marriage and to his empty encounters with prostitutes.

Cultural schizophrenic and nostalgia victim, von Rezzori's narrator is suffering from serious depression. At times his sanity seems under pressure. But though his states of mind are minutely recorded, he is too introverted to invite empathy.

After all this relentless introspection, Helen Garner's ability to present characters actually relating to one another is something of a relief. Her world is low-key and domestic. But *Cosmo Cosmolino* - which contains two short stories in addition to the title novella -

is witty, individual and stylistically mature.

Garner's characters were young in the 1970s, caught up in the fashionable utopianism of the time. But the communes have long since dispersed, and looking back, you have to decide whether the intervening years represent a growing up or a loss of innocence.

The two short stories deal with death. In *Recording Angel*, a man contracts a brain tumour and we witness the effects on his wife and best friend. In *A Vigil*, a virtual suicide is followed by a hellish crematorium scene. But *Cosmo Cosmolino* itself is a story of rebirth, in which Janet's buried existence is given a jolt by the arrival of two lodgers, aimless Raymond and Maxine with her batty New Age ecstasies.

Garner has an impressive ability to infect imaginative life into mundane objects, and to focus on an individual character or situation without generalising. Her choice of words is always eloquently precise. And it is the honesty of her prosa style, rather than any particular gift for storytelling, which stands out.

A fighter come late to greatness

Gillian Tindall considers a new biography of Clemenceau

DEATH, says a French proverb, turns a life into a destiny, imposing definition on a stretch of time which might, at earlier stages, have looked amorphous. With some public figures, however, it is not death itself but a late break, a sudden call to arms or power in old age, that gives a long and varied life its permanent shape. So with Georges Clemenceau.

Born in 1841 under France's last king, he was raised as a disciple of Pascal, Michelet and Comte; he became mayor of Montmartre during the Franco-Prussian War and the Commune. A "man of Victor Hugo", he subsequently kept the flame of moderate Republicanism going through the vicissitudes of the Second Empire and the chequered Republic that followed it, battling with the likes of Boulanger on the one hand and Ferry and Jaurès on the other and raising an early and decent voice in favour of Dreyfus.

More than once during these decades his career seemed to himself and others all but over - "I am unrecognised in my home, betrayed by my friends, dropped by my party, ignored by my electors, suspected by my country... creditors bang on my door... I have nothing, nothing."

He was almost 73 at the outbreak of the 1914-18 war, and 76 by the time supreme command passed to him. Polcaré, a long-term jealous colleague and now demoted rival, added to his existing accusations of obstinacy, swashbuckle and "incurable light-mindedness" the charge that Clemenceau was increasingly deaf, portly and incapable of reasoning.

Yet it was in Clemenceau's grey-gloved hands (he had begun to suffer from nervous eczema) that near-defeat was turned into victory and the peace that many of the French would have sought earlier on almost any terms became an Armistice imposed by France and her allies. The old man had at last become the "tiger" - as in the lean title of this overweight work. The sharpest image left to the world is of the hunched, mustachioed carter-crooked crouched between Lloyd George and Woodrow Wilson in the treaty hall at Versailles, standing as ever for justice, unwittingly doing his bit to set the scene for another war in which he would act as a model for another fighter-come-late-to-greatness: Winston Churchill.

Of course this odd-shaped life poses problems for the biographer. Gregor Dallas has had to accompany his subject a long way before finally reaching, if not the heart of the tiger, at any rate the heart of the story. At times he loses himself in whole thickets of carefully scrutinised trees while giving his reader little indication of the overall shape of the wood.

When at long last he sweeps out onto the devastated uplands of the First World War battlefields, the panoramic view is impressive. But, just because he knows the way himself, he fails to erect adequate signposts along the route. Although the book's comprehensive and sometimes overtly instructive style suggests that it is intended for the general reader, Dallas again

and again omits pieces of basic information that are in fact necessary to the proper understanding of all this detail.

The events of 1870-71 are described with a wealth of descriptive energy as he fits a key period in Clemenceau's life - but if you did not know already about the Prussian assault, why the Commune supervened and what it represented, you would be in a complete fog as to what was really going on. And although Dallas quotes Clemenceau's famous put-down after Boulanger shot himself in 1891 on the grave of his mistress ("Il est mort comme il n'était, en sous-lieutenant") there is, almost unbelievably, no mention of Boulanger's revisionist doctrine on Alsace-Lorraine and thus no adequate discussion of the war scares of 1886 and '87. Similarly, when we reach the

AT THE HEART OF A TIGER: CLEMENCEAU AND HIS WORLD 1841-1929

by Gregor Dallas
Macmillan £25, 598 pages

moment of Jaurès' assassination in 1914 only days before the outbreak of war, no mention has at that point been made of Sarajevo or of "the German menace" at all.

More minor, but more irritating because more specific, is Dallas's failure to tell us, when dealing with Zola's *J'accuse* article, that *L'Aurore* was Clemenceau's own paper. Indeed he has a circumlocutory, novelist-like way of creeping up to his favourite moments and then pouncing on them, which does not make for coherence.

I do not want to sound ungrateful. I have learnt a good deal from this book, whose cognitive scope extends from the dawn of the Revolution to the Fall of Pétain and Laval, and will keep it by me. Like Braudel, who is clearly his master though oddly unacknowledged, Dallas is at his best when describing events in the context of their settings. His earlier work deals with the peasantry of the Loire (Clemenceau's native land); to accompany him there, or to the northern mines of Zola's *Germinal*, or to the forest that now covers the destroyed villages near Verdun, is a treat. Perhaps, for his next work, he will choose a topic more rooted in one place and era and so really expand his gifts.



Georges Clemenceau: final victory

CAN YOU trust a photograph? Do you believe that the camera never lies? Or is a photograph the most dangerous medium of all, apparently a straightforward image but one in fact selected and determined by the photographer's frame of cultural reference, and, as it is reproduced, consciously or unconsciously encouraging a social or ideological stance? Two exceptional new books on the history of photography address this question from different, but equally fascinating, backgrounds. *Anthropology and Photography* traces the creation and use of photographs in early British anthropology, and is worth buying purely for its abundant 19th century photographs of Polynesian cannibals, Hiawatha-style chiefs, Congo dancers and the rest.

But its point is our changing evaluation of these photographs, which at the time were seen as objective documentation of inferior, exotic races but now demonstrate the prejudice and cultural conditioning of the age. So a soft-focus Samoan woman from the 1890s, her naked breasts garlanded with flowers, is a classic western male erotic fantasy not worlds away from Sarah Bernhardt on stage. South Sea Islands youths with limed blond hair and huge earrings are captioned "dandies". Saddest are six Batwa pygmies, kidnapped in central Africa, exhibited "live" at the Hippodrome with 17 polar bears and some Scottish dancers, and so famous that they were invited to the House of Commons. The photograph of them dressed in children's sailor suits taking tea on the terrace with MPs is a giveaway of the 1900s anthropological belief that "primitives" were in the "childhood of mankind" stage. "What did they think of the greatest Legislature in the world? What did they think of the world?" asked the photographer Benjamin Stone.

It is through such anecdotes, or case studies, that this book builds up a cumulative picture of the worldview that made colonial domination possible. In the Andaman Islands, an officer fascinated by "jungle" ("wayward but attractive children") took stereotyped photos like "Andamanese Shooting, Dancing, Sleeping and Greeting". They were sent home decorated - for example bunches of grass were scratched on to the plate of a naked chief and



Daughter of a census officer with a group of Onges in Little Andaman, 1911 from 'Anthropology & Photography'

Dangerous shots

his wife, both smoking pipes. Symbolic emasculation, but the photos helped the army learn more about the Andamanese, and its policy of subjugation worked: a final photo shows a dance celebrating Edward VII as Emperor of India.

The interpretation of photographs in this book also tells anthropology's own story, from its start as an unreflective, patronising study of "primitive" people to a self-conscious discipline examining meaning in any society. Several decades on, *W. Eugene Smith and the Photographic Essay* is an account of the camera as political and social advocate, seen through the work of *Life* magazine's most famous photographer. Eugene Smith took shots for the human interest photo-essays that made *Life* a mass circulation, high-quality magazine. But he was also an absolutist and a driven man, formed by the Depression, when his bankrupt father killed himself, and by the moralism of his Catholic convert mother.

As a war photographer, he switched from warmonger (he wrote home about a knife "good for Japs, underbrush or steak") to pacifist whose photos were so unrelenting about the human cost of war that the Pentagon censored

them. At *Life*, as photo-essays like "Country Doctor" and "Spanish Village" show, he had a mission precisely of his time: to portray and improve life for the ordinary poor through a new type of intimate, immediate picture which showed

ANTHROPOLOGY AND PHOTOGRAPHY 1860-1920
edited by Elizabeth Edwards
Yale £19.95, 275 pages

W. EUGENE SMITH AND THE PHOTOGRAPHIC ESSAY
by Glenn G. Williamson
Cambridge £25, 351 pages

everyday people working, eating, getting ill, giving birth.

But did he really photograph Everyman? With carefree photo-essays, from choice of topic through research to the selection of strongly interpretative images from a 2,000-negative contact sheet. The result was benign propaganda, finding the "perfect" American example: the young and photogenic country doctor, his stoop, look, gesture implying exactly the mix of hard work, poverty, committed satisfaction; the

Main Street, Anytown, setting which must also be picturesque (Kramling beneath the Rocky Mountains was chosen). For Smith, the triumph was to portray a secular saint; for *Life*, to tell a human story with a topical health care angle; for "America", *Life*'s Russian translation, to advertise, by cropping and centering and magnifying, the great American dream.

Gradually Smith's political mission clashed with *Life*'s - in "Spanish Village" he wanted to stop US aid for Franco - and he resigned, had breakdowns, died at 59 with \$18 in the bank. But anyone interested in the social outlook that saw the rise and fall of "Everyman" magazines like *Life* and *Picture Post*, and in the history of photographic journalism and how newspapers manipulate material, will enjoy this account of his life and work.

As Smith realised, the visual image is becoming our dominant mode of communication. But one reason it is so powerful is that most of us don't have the visual grammar to respond to it in the sophisticated way with which we dissect and interpret words. Both these elegant volumes are compelling and topical attempts to change that.

Jackie Wullschlaeger

Why short is beautiful

Clement Crisp states his case for the triple bill

BALLETIC triple bills have not been popular with audiences for 20 years and more. The tradition has grown up among Western ballet-goers - and it is entirely owed to the Royal Ballet's example in performing 19th century classics, and then finding in Ashton, Cranko, MacMillan, Bintley, choreographers able to extend the full-evening creation - that a "triple" evening at the ballet means a long dramatic work, involving all the resources of a company.

This nonsensical view has been accepted by ballet companies world-wide, driven by the box-office imperative. Major troupes trot out variously tiresome versions of the old war-horses, buy in evening-long works from other companies, and the public flocks. Smaller ensembles sell titles rather than ballets to their audience, and with little conscience offer shrunken and shoddy productions under familiar names. (I report, with unwavering gaze, that there is a version of *Nutcracker* currently on view in Europe which also involves elements from *A Christmas Carol*).

The triple bill, which once offered a range of balletic experiences, a variety of dancing, a choice of choreography, a happy display of dancers' artistry in varied roles, flourishes only with New York City Ballet, where Balanchine's genius was expended in making a treasury of short pieces that remain the supreme example of classical ballet in our century. Elsewhere, box-office receipts will tell a tale of failing attendance for evenings comprising three contrasting works, no matter how great their merits. Prohibitive seat-prices mean that audiences will go for what they think are the big, safe, cast-iron productions. If it's swans, it must be good, is their motto. And, as these columns never tire of saying, the reverse is true.

The Royal Ballet has, with a bravery every ballet-goer must commend, made a serious effort in recent years to wean its public off swans and Veronese lovers through intelligent (usually) triple bills. Much of the history and artistic achievement of ballet in our century is to be found in such works. The current Covent Garden programme of *Apollo*, *Judas Tree*, *Symphony in C* is a fine one - it will be on view twice next week - and it is in the main very well danced. (I record that, after the fashion of the one-time Nureyev circuses, advertisements announce that "Irek Mukhamedov will dance at every performance").

Certainly Mukhamedov's presence - in either *Apollo* or *Judas Tree* - is reason enough to go. Both ballets gain in significance from his artistry. On Thursday, he was replaced as the Foreman in *Judas Tree* by Zoltan Solymosi. Solymosi's interpretation lacks the fervour that drives Mukhamedov's rearing - it misses, as yet, something in emotional and dynamic ferocity - but it is a worthy account of the role. The revelation of the performance was Leanne Benjamin's appearance as the woman, a characterisation of extraordinary sexual and technical pungency. Each pose and provocative movement, the shifts between belligerent smugness and invulnerable dignity, were superbly understood

and stated: the ballet seemed to be about the woman as victim - and ultimate victor - rather than about betrayal. It was a beautiful and piercingly credible impersonation.

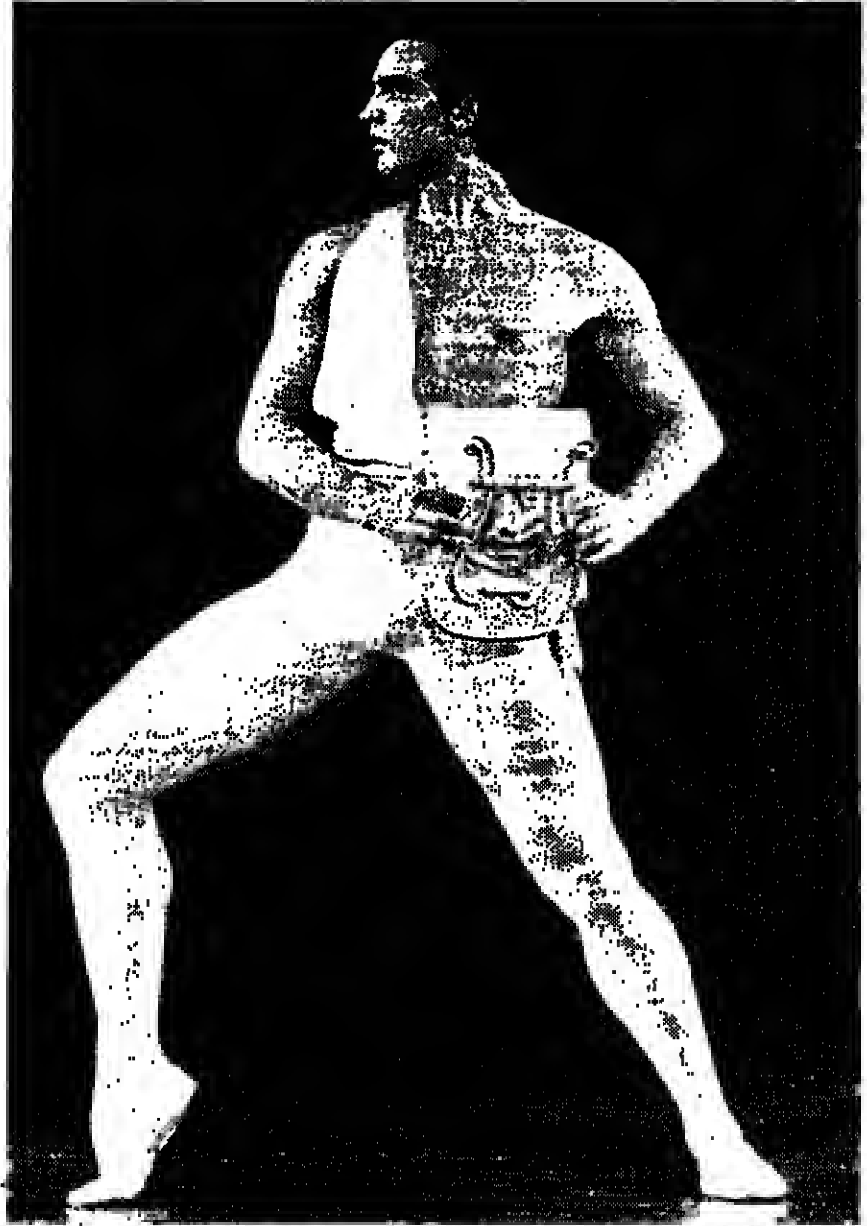
Mukhamedov's view of Balanchine's *Apollo* at this performance was one which saw the role in a single span, and gave it emotional and physical momentum from first moment to last. He exposed the dramatic substructure of the choreography. He showed us the reason for every action by the young god, and without communicative fuss - nothing over-emphatic - he provided an armature for the dance action.

It was a reading more powerful, more dense, than any I have seen before. It would look out of place in New York City Ballet performance today, but this Royal staging does not aim for the speed or the

purged clarity that is now the NYCB style in the piece. We are shown *Apollo* as drama rather than rite; and the choreography is rich and resonant enough to sustain both interpretations. As Terpsichore, Viviana Durante made an elegant, pure-toned debut.

About *Symphony in C*, most radiant of ballets, I am less happy in these current performances. Girls are being sent out to do women's jobs - ballerinas are in short supply at Covent Garden - and to do Balanchine justice, we must see diamond clarity and unforced grandeur. It is, nonetheless, a work of cumulative joys, and it ends an admirable triple bill on the happiest of notes.

This triple bill is given final performances at Covent Garden on January 27 and 28.



Irek Mukhamedov in Balanchine's 'Apollo', currently in the triple bill at Covent Garden: a reading more powerful, more dense than any seen before

Chinese puzzle

WHEN Montesquieu declared "I believe that we will never completely understand the Chinese", over a century had passed since the first sustained western contacts with China. The admiration of the early visitors had been tempered by disillusion, but misunderstanding persisted. Despite the subsequent growth of Chinese studies and increased contact, misperceptions remain today.

This 400 year old history of confusion" is one of Jonathan D. Spence's favourite themes. In the first section of this collection of essays he discusses people who managed to penetrate the confusion - notably Sidney Gamble, a 20th-century sinologist and photographer - and others who, despite their efforts, were part of it: Montesquieu's Chinese acquaintance in Paris, Arcadio Huang, the Jesuit scholar and confidant of the Chinese emperor, Matteo Ricci; the 18th century Portuguese traveller, Mendes Pinto; and André Malraux and his literary contemporaries.

These are delightful and subtle portraits, they catch "the evanescent moment in which a particular face, a gesture, a juxtaposition of elements, comes to be more than itself and to speak for a whole time and culture."

Spence rejoices in details - the size of Arcadio Huang's conjugal bed, for example - and unexpected explanations. Grammar, he suggests, was the cause of Ricci's initial happiness in China. On leaving India Ricci no longer had to teach Greek, a highly inflected language, and found the study of Chinese, which has "no articles, no cases, no number, no gender, no tense, no mood", much more enjoyable.

But what distinguishes Spence is not his recognition of the complexity of Chinese culture, for others have accepted this. Rather it lies in his refusal to be baffled by China, having accepted that complexity is not a bar to understanding. These self-selected essays manifest his determination "to think about China with precision... and to be fair and thorough."

CHINESE ROUNDABOUT: ESSAYS IN HISTORY AND CULTURE
by Jonathan D. Spence
W.W. Norton & Co. £15.95, 400 pages

Confrontation with a new culture is a disorientating experience. The first few hundred years of Buddhism in China were marked by an attempt to ease understanding of the new religion by linking its ideas and practices with Daoism, an indigenous Chinese tradition. A similar process took place in the early years of Christianity in China, shown in Ricci's Buddhist robes and his retelling of Bible stories for Chinese consumption.

But later Buddhists and Christians realised that, in stressing the similarities with native systems, differences were often forgotten and an accurate understanding of the new religion was not possible. The clichés which abound in western literature on China are a result of trying to explain China in Western terms. Spence challenges the clichés and presents a more sophisticated view in which differences are not distorted or glossed over. Speaking of the values expressed by an elderly Chinese philosopher he writes, "we may not accept or approve of them, but it is hard to deny that there was something truly worth saying at the centre of his being."

Although the essays are grouped thematically rather than chronologically, those in the first section, on cross-cultural interaction, and the fourth, on post-1949 China, contain Spence's most recent and most confident work. While the portraits are enthusiastic, the tributes to his various teachers express respect and admiration for people who also refused to be baffled. The only place in the other sections which rivals these in depth of feeling is "Nanamen", written after the events of June 4, 1989.

The remaining sections contain a miscellany of lectures and book reviews. They cover subjects as diverse as the cost of an imperial dinner, the 19th-century debate on whether to prohibit or legalise opium, and the importance of tradition in 20th-century political debates, displaying Spence's self-admitted and welcome "bare-brained eclecticism" although lacking the sparkle of the rest.

In his essays Spence, like the 16th century Dominican friar Gaspar da Cruz, has sought "those elusive elements that would give the complete picture of China". Many others have done the same over the past four centuries. Spence, however, remains one of the few to realise the impossibility of the task.

Susan Whitfield

Operatic Czech

JUST AS recognition in his own country came late to Janáček, so his reputation was slow to spread more widely. Outside Czechoslovakia his growth to popularity has been a post-Second World War phenomenon; that of the Janáček literature has been even more recent. Through his writings over the last 25 years John Tyrrell has established himself as a leading scholar in this and the wider field of Czech opera; this book, based on his work in the Janáček archive at Brno, draws together a wealth of documents relating to the genesis, publication and early performances of Janáček operas.

Janáček, one of this century's greatest musical dramatists, endured many setbacks and suffered particular humiliation at the hands of unsympathetic theatre directors. The long struggles run through the book like a leitmotif, making reading that is at once illuminating and depressing.

Since the composition of *Jenůfka* took him the best part of ten years, and was overshadowed by the death of his daughter Olga, its rejection in 1904 by the National Theatre in

Prague proved a severe blow. It was only in 1916, after the first Prague performance finally took place, that the 61-year-old composer was able to write, "I am beginning to believe in my life and my mission". In 1904 his sole response had been to "dedicate the pain with work" - but, as he added, "I've got problems with a libretto".

That work was *Osud* ("Fate"), and while the libretto did indeed prove problematic (Janáček made up the scenario as he progressed, and to this day it verges on the incomprehensible), its complications were overshadowed by the difficulties he incurred writing *The Excursions of Mr. Brouček*. At least his troubles with publishers here were his last. After *Brouček*, the composer produced his librettos virtually single-handedly, and the remaining four operas flowed more freely (his last, *From the House of the Dead*, was written in under 11 months).

But it would be simplistic to link this too closely to the great flowering that

JANÁČEK'S OPERAS: A DOCUMENTARY ACCOUNT
by John Tyrrell
Faber & Faber £25, 405 pages

characterised Janáček's final phase: there was also his growing love for Kamilla Stösslová, which, though unrequited, gave him added creative impulse.

Perhaps most interesting is the background to Janáček's seldom-heard early operas *Sárka* and *The Beginning of a Romance*. The first took a libretto by the Czech symbolist poet Julius Zeyer which both Dvořák and Smetana had turned down. Janáček based the second on a short story by Gabriela Preislová, whose *The Stepdughter* he later made into *Jenůfka*.

As the title of the book suggests, this is a collection of sources which relate to the nine extant operas. One longs for more - Janáček's thoughts on the genre, or on the operas

of other composers, would be fascinating, though some of these would admittedly lie outside the scope of the book. It is a pity that little account is given of his projected operas. Though the evidence for some of these may be slight, musical sketches for at least four incomplete stage works exist: *The Housewife* was to have been based on another of Preislová's texts, and two others, *Anna Karenina* and *The Living Corpse*, two Tolstoy projects, avowed the deep sympathy for Russian subjects reflected elsewhere in his oeuvre.

In general, though, Tyrrell has marshalled his material splendidly, to make it both scholarly and readable. His sources are meticulously listed in an appendix, leaving the text arranged and linked as a flowing documentary narrative. Containing as it does much material that has not appeared in English before (and some, indeed, that has not been published anywhere), this is a major addition to the Janáček bibliography.

John Allison

Off the Wall/Anthony Thornecroft Benefits for the adventurous

COULD IT happen at last? Is the Arts Council about to raise its chopper and axe the grants of some of the 150 clients that still look to it for sustenance?

It is one of the vagaries of arts funding in the UK that, despite frequent huffing and puffing and the occasional minor sacrificial victim, once you are in with the Arts Council your organisation is supported for life. The Regional Boards are more vicious, especially to community projects, but the leading theatre companies, dance troupes, art galleries and orchestras never suffer more than the occasional frozen grant from the Council.

But, by a nice irony, the plaudits of a strategy document finally produced this week, *Creative Future*, is to form the basis of a new, more radical strategy. Within three months the Council will decide its funding priorities on the basis of the guidelines mapped out in this document. It promises to go for quality rather than quantity, and to scythe off not just individual client companies but whole areas of funding, while lavishing more resources on key objectives.

This will not mean the end of literature, touring opera, or regional theatre. But it could mean a system which rewards creativity, educational work, access - all the new buzz-words - and hits hard at the routine potboilers. Basically, the controversial decision of the Eastern Orchestral Board to fix its grants to concert promoters in line with the popularity of the composers programmed - a £450 grant if you put on Tchaikovsky, £1,000 for Mahler, building up to £2,000 for Harrison Birtwistle - will become the national template.

So, in theory, if the Royal Opera House, facing a growing deficit, plans more performances of Toss, *Carmen* and *Bohème* in its 1993-94 season, it can be reduced to a reduced grant. But since the Council thinks that Covent Garden is at last getting its act together, this is unlikely to happen. More likely victims are the orchestras and

regional theatre companies which play safe with a diet of Beethoven and Ayckbourn.

What has happened spasmodically in the past - as in the reduction of the Council's grant to the RPO because it favoured programmes of popular classics which attracted big audiences - will become the norm. Arts groups with an impressive youth programme, or which commission new dance works, or tour round vil-

WITH Art 93 at the Business Design Centre in Islington (until Sunday), London at last has a contemporary art fair which can stand comparison with those in Chicago, Basel, Frankfurt and Madrid. It is also more populist than in the past, with decorative prints priced around £250 alongside grittier abstract sculptures costing £1,000 plus.

In a recession dealers take few chances, and anyone put

Frink and Bacon. He insists on selling the collection intact, for around £160,000.

With the IRA making a pre-Christmas visit to the theatre too much of a drama for some last month, attendances in the West End in 1992 are likely to match, rather than overhaul, the 10.9m set the previous year. This is still some achievement, given the recession and the fact that 1991 produced the second best total on record.

But there are causes for alarm. After a good first half 1992 got progressively stickier and more seats than ever were sold at a discount. There are signs that private angels are less keen to regularly lose money backing plays and that producers are having to dip into their own bank balances to put them on.

But theatre owners, instead of being only interested in rent, are now considering themselves part of the play. The most striking commitment was by Maybox, owner of seven West End theatres, which agreed to cover the production costs of Sam Mendes' ambitious season at the revamped Donmar Warehouse which, because of its small size, can never be commercially viable. The success of his first production, *Assassins*, helped secure the Donmar £100,000 and a year's sponsorship from Carlton TV, which relieves Maybox of its burden.

The Arts Council's latest strategy document promises to support quality rather than quantity

lage halls, can expect more.

The Council has the advantage of a lower grant for 1994-95, of £25m to £22m, which can justify some pruning. Nothing has yet been settled, but the likely blueprint is more for living artists, less for dead masters. In May some unadventurous regional theatre companies or dance troupes might lose all their subsidy.

That is until the specialist panels, the vested interests and the local lobbyists start kicking up a rumpus and the Council back down. There is also the chance that the Heritage Minister, Peter Brooke, who is being lobbied by his good friend, the Arts Council chairman Lord Palumbo to rescind the 55m cut, will deliver more cash for 1994-95. The eventual bloodletting is likely to disappoint Dracula.

The auction houses see no early end to the recession and are drastically reducing staff. Christie's did it in one foul swoop before Christmas; Sotheby's favours the gradual approach. Another 15 went in London this week. There is a sad case of shooting the messenger because the main casualty is Fiona Ford, a Sotheby's loyalist for 25 years, who was reduced as head of the press office when her department was shorn of two staff. Casualties have been among support workers, but departures from the top echelons are expected.

off contemporary art by the lumpy choices for the Turner Prize can have their enthusiasm re-fired. The first buyer was dealer Leslie Waddington, who snapped up an Anthony Caro sculpture from Annelie Juda and a David Mach sculpture from William Jackson. He got a small discount - but, these days, so can you.

Also active was Unilever, which is showing its corporate collection on the upper gallery and adding to it all the time, buying a Martin Kane painting from Jill George for £4,000 and six works by Royal College of Art student Nicholas Morris for a total of around £1,200 from the Contemporary Art Society's Mini-market, where works start at £100.

But perhaps the most eye catching exhibit is Michael Roosen's stand, which displays 48 portraits by Zuzsi Roboz of leading contemporary artists, including Hockney, Rego,

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ARTS



Phillip Jackson, Andy Serkis, Tom Wilkinson as Lear and Iain Glen as Edgar at the Royal Court

Lear sans court at the Court

Malcolm Rutherford enjoys Max Stafford-Clark's swan song production

MAX Stafford-Clark, the departing artistic director at the Royal Court, says that he had been thinking about performing *King Lear* there for a good five years. It is an intriguing idea and one can see why it was so long in gestation, for the Court, although the stage is very tall, is a relatively small theatre and *Lear* is by all conventional standards a very large play. Clearly the challenge was to find a new approach appropriate to the place.

Stafford-Clark has pulled it off. This is not the classic *Lear* of grand poetry and sweeping gestures. It is more a bourgeois soap than a regal tragedy. But for the first time in my experience it comes across as a cracking good story. The pace of the production is prodigious - it lasts barely more than three hours. And because of deliberately going down a notch or two in the social scale, the capacity to move is if anything enhanced.

There are some dramatic transformations of the stock version of the play. At

the start Goneril and Regan seem entirely justified in their dislike of their father's habit of bringing 100 unruly retainers to their country seats. They want to get on with their dinner parties and running their homes in peace. A more subtle change is that they are not remotely look-alikes, hardly even recognisably out of the same stable. Lia Williams's Goneril is svelte, blonde and notably well-dressed. Saskia Reeves's Regan plainly cares less about her appearance. But they are both enamoured of the same man: Edmund, the bastard son of the Earl of Gloucester, played with a northern Irish accent by Adrian Dunbar. Here is soap of a very high order.

Tom Wilkinson's *Lear* does not look like an old man, certainly not at the beginning. He is red-faced, has a large moustache and seems rather coarse, more a country squire than a king. This belies what is to come. Wilkinson plays the final scenes with Cordelia with magnificent pathos. By then, he has aged. The key to his character is that

he seems genuinely to fear going mad. When he does it is the onset of madness that makes him first feel for other people. The "poor, naked wretches" speech is the beginning of his understanding. Wilkinson takes the verse in his stride, he does not pander to it, but never squanders it. His triumph in the acting is that he is a distressed human being; the kingship is secondary.

There are some wonderful moments. The scene where Edgar leads his father to the brink of suicide over the cliffs of Dover can scarcely have been better done. The tension in what by now has become a thriller is breath-taking. Played by Iain Glen, Edgar has a claim to being the most outstanding actor in the production after Wilkinson's *Lear*.

Eccentricities crop up. The Fool is presented by Andy Serkis as a drag queen. If there is subtlety here, I missed it, though one has always wondered about Queen *Lear* and her influence on the family. With the line "My poor Fool is hanged", the Fool's body is seen suspended from a rope high up in the

background. Perhaps only fidelity to the text let the Fool be retained; it is the least satisfactory role in the Stafford-Clark interpretation.

The dress is spread across the 20th century to about the late 1950s: trench coats, British military uniform, green army jumpers and jodhpurs. Cara Kelly's Cordelia comes back from France kitted out like a colonel's lady on an afternoon's ride. There is no obvious reason for the wardrobe, except that they have to be dressed in something.

The thunder and lightning are terrific, using the height of the stage to the full, and there is an authentic whiff of cordite, guns being employed along side swords. In short, this is probably the most exciting production of *Lear* you will ever see. It is also the most enjoyable one of a play which, apart from some of the verse, I have always disliked intensely. Here paradoxically is *Lear* at the Court without the court, an experience unlikely to be repeated. Go!

Royal Court Theatre, (071) 730 1745

AFTER THE Control-lers came the Director-General, though in Radio 4's Sunday afternoon debate *Airing the Future* he had only a brief innings at the end of things, his rival debaters being senior executives from both the BBC and independent outfits, with some members of the public. He must have heard much that he would not agree with.

He repeated what we should know: that the Corporation seeks the best talent, does not seek imitative work, is ready to adapt to changes in society; and he turned down a proposal made earlier by Joan Bakewell that the licence should be charged at a "fair rate" of £140. The 34-hour rolling news was described by foreign correspondent Charles Wheeler as "the worst idea yet"; Sir Robin Day, very cross, said it was one of the few good ideas the BBC had had. The DG did not deal with it.

Radio 4's Saturday night Classic Serials move from next week to Sunday afternoons (another good idea). Last Saturday we had *Gun before Butter* instead, about Inspector Van der Valk, more familiar on television, here played by Ian Hogg. It consisted mostly of a soliloquy by Lucienne (Sophie

Radio/B.A. Young

Movement on the air

Thompson), whom Van der Valk reckoned to have killed her lover Stam (Roger Hume); there was little detection, just adventure and romance. Nicolas Freeling's novel was adapted by Philip Martin, who also directed.

Radio 3's Sunday play was another Stoppard adaptation from Schnitzler, *Liebesitz*, now *Dalliance*. This too deals with honour among prosperous Austrians, but introduces a Schnitzler special, the guileless working girl, Fritz (Douglas Hodge) is dealing with Christine (Rachel Joyce), but more seriously, offstage, with a married lady of his own class, whose husband challenges him. The emotional acme of the plot comes when Fritz's friend Theodore calls on Christine to explain that Fritz has been killed in an "accident". The plot is trivial, but the comprehension of the characters makes it deeply moving, and the playing under Jeremy Howe was first-class, with Hugh Grant as Theodore and

Hetty Baynes as Mizel, Christine's friend. Nick Ward's *Red Sky at Night* (Radio 4, Monday) was a kind of adaptation too, though Ward (who also directed) says it was "inspired" by D.H. Lawrence. (It was introduced by a reading of Lawrence's essay *Hymns in a Child's Life*.) The tale tells how Alfred (Paul Copley) quarrelled with his wife Katherine (Julia Ford) because he spent their money on booze, then was killed in a pit accident. The direction called up most pictorially the

mining world of Eastwood, where Lawrence came from. The difference between poverty in Lawrence's day and our own was seen on Thursday in *Octopus Boys*, the first of Radio 5's series, *The Collection*. Lawrence would hardly understand it. What are these Gypsies? What is the YTS? Why are all these young people "in care", whatever that means? How come they have flats on the council?

Well, it is not strange to us, and writer Judith Johnson has caught it adroitly. Mickey (Neil Anthony), 17, on the run from

a hostel, lives off Sharon and Kelley, who live off the dole; but what he wants is work on the Octopus ride at a fair. At the fair, he and Sharon (Sunetra Sarker) find £3000 of the Octopus management's money, and steal it. "We could go to Barbados," Sharon proposes. But the boys from the Octopus catch up with them. No happy end: how could there be? The vigorous production is by Martin Jameson.

Radio 1's refreshing social concern was reflected in Saturday's *Pink Pop*, where the involvement of gay people in pop music was displayed in song and story. Presented by Laurie Pike, this was not one of their great investigative numbers, but honest, interesting, fair and fun. No "helpline" attached to this one.

Jazz/Garry Booth

Faith in Frisell

musical chromatography. Guitarist Bill Frisell belongs to this group and is more often heard gently dissecting the likes of Bill Evans alongside Paul Motian. In his own latest collection of covers, where Dylan collides with Madonna, Ives with Sousa, he has taken deconstruction toward its limit, however. So hard to swallow are some of the selections that purchasers of the new album, *Have a Little Faith* (Elektra Nonesuch 7559-79301), are well advised by its title and need to persevere.

Set in a quartet consisting of

Kermit Briscoll (electric bass), Joey Baron (drums) and Don Byron (clarinets) for this UK tour, Frisell's trademark notes, bent by an assortment of pedals, work hard at suppressing the message of familiar parts of a melody, tortuously creating a tension which is then relieved by slashing power chord and more snatches of the familiar. I never imagined I would be glad to hear Madonna's "Live To Tell" coming through the ether of improvisation. Veggie and fogeyish, Frisell

Concert/Richard Fairman

Walton tribute

following after his death. But that is not quite how it has worked out: apart from Previn and Slatkin, there are few conductors from overseas who get beyond the most obvious hand of Walton's works.

To that select group, however, one more can be added. Vladimir Ashkenazy has shown an unexpected willingness to forage in Britain's musical heritage during his years in London as a conductor, taking in a number of performances and recordings of Walton's music. To mark the composer's death he has put together two complete Walton programmes and, if the second is as good as the one on Thursday, they will constitute an important tribute from a non-British musician.

The main item was *Belshazzar's Feast*. This favourite work more or less selects itself, as Walton produced so few full-scale concert scores, but the performance had a panache that made it out of the ordinary. When Slatkin conducted *Belshazzar*, he gave it a primeval violence worthy of Stravinsky; Ashkenazy reminded me more of Rakhmaninov's *Symphonic Dances* (1940) in the music's glorying of rhythm and orchestral glamour. It was a joyous performance, well supported by the Brighton Festival Chorus and John Coneill, the bass.

Some very fine playing from the Royal Philharmonic Orchestra (resplendent brass, warm strings) was already presaged in the Suite from *Henry V*. Too much pastiche is incorporated for this to be

Culture with Clinton

"BILL AND Hillary Clinton are going to trigger a cultural renaissance in this country from MTV (Music Television) to the most sophisticated arts," said Ed Markey, Democratic Congressman from Massachusetts, at a Washington cocktail party on Wednesday night.

We will probably have to chalk up Markey's extravagant statement to inauguration-night ebullience, but there is an undeniable sense among those interested in America's cultural life that Clinton's presidency brings new hope for the arts in America.

"Bill Clinton has shown himself to be a person who's culturally aware and concerned, and I expect that his administration will bring new thinking about the National Endowment for the Arts (NEA). We've had many years of a suffocating environment for the arts, and I look forward to a change in attitude," said Del Reisman, a screenwriter and President of the Writers Guild of America, West.

The past 12 years of Republican leadership have been at best indifferent, and at worst openly hostile, to the arts. Since Reagan took office in 1981, NEA funding has dropped 36 per cent. The last three years have been particularly embattled ones for the NEA as controversies over the funding of politically outspoken and sexually explicit art by such artists as Andres Berrano, Robert Mapplethorpe and Karen Finley have provoked a national "art war" about what constitutes obscenity and appropriateness.

Little is known for sure about what Clinton's arts policy will be. The arts have not been at the top of his agenda during his campaign. Though Clinton advisers did work with the NEA during the transition, they did not issue a statement of arts policy. But Clinton's record on, and attitudes towards, the arts bode well for the country's cultural future.

Clinton and Gore's campaign platform included a promising, if pithy, statement on the arts, defending artists' freedom of expression and advocating government support of the arts through the NEA. Though their campaign initially opposed content restrictions for NEA-funded art, Clinton has equivocated on this point. He said in the October 1992 *Equity News* that, "While I believe that publicly funded projects should strive to reflect the values that most communities share, I strongly support and will defend freedom of speech and artistic expression." Just what Clinton defines as community values remains to be seen.

Speculations are flying about whom Clinton will appoint as

As the new US president takes over, Karen Fricker looks at the implications for the arts

NEA chairman. The position was particularly politicised last February when the Bush administration asked John Frohnmayer to step down from the chair and replaced him with staunch conservative Anne-Inelda Radice. Radice's use of her veto power on several gay-themed projects which had already received peer panel approval won her few friends in the arts community. She stepped down voluntarily this week with "no regrets." Longtime NEA bureaucrat Ana Steele will serve as acting chair until Clinton appoints someone to the position. Rumored to be under consideration are Yale School of Drama dean Lloyd Richards, chairperson of the Dayton Hudson Foundation Cynthia Mayeda, New York State Council for the

Arts chair Kitty Carlisle Hart, actress Lauren Bacall, and FOB (Friend of Bill) Deborah Sale, who was a member of the transition arts team.

The NEA's total budget - \$174 million in 1993 - is in Federal terms insignificant. But NEA grants are crucial to the life of arts organisations, particularly small ones, and breed more money: corporate and private funders view a NEA grant as a quality stamp and are more likely to lend their support to arts institutions that are NEA funded.

Clinton's record on the arts as Governor of Arkansas is fairly strong. Arkansas's state budget arts allotment is the seventh lowest in the country, but it has remained constant during the recession while other states have slashed arts budgets or eliminated them entirely.

"We're not the highest agency in the state, but Governor Clinton kept it in touch," says Bill Puppione, Executive Director of the Arkansas Arts Council. "There was a feeling among arts administrators that the Governor knew what was going on and that they had access to him." Puppione says.

In its 1997 education reform package, instituted by a board that included Hillary Clinton, Arkansas added an arts requirement for high school graduation, one of the first American states to do so. Education and the accessibility of the arts, prominently mentioned in Clinton and Gore's campaign platform, are likely to figure in their national arts policy.

Beyond policy, the president has the opportunity to influence public opinion about the arts through his personal behaviour, and this is where Clinton is likely to make the largest impact. Critics deride Clinton's sax-playing appearances on talk shows and at presidential galas as image-mongering, and those of higher brow consider his musical preferences - Michael Bolton, Kenny G, Fleetwood Mac, the aesthetic equivalent of McDonald's - deplorable. But Clinton's active interest in music has humanised him to the public.

And though some call Clinton's choice of an African-American woman, Maya Angelou, to read her poetry at his inauguration pandering to political correctness, he was the first President since Kennedy to include a poet in the inaugural ceremonies.

The Clintons led an active cultural life in Arkansas. They were subscribers and donors to Little Rock's Arkansas Repertory Theatre and hosted fundraisers for the theatre and other Arkansas arts organisations and Hillary Clinton was on the board of the state's largest ballet company.

Cliff Baker, Artistic Director of Arkansas Rep, says that the Clintons were known to creep into the balcony of his theatre on a Sunday night "just because they wanted to see the show, not because they wanted to be seen."



Bill Clinton with FOB Michael Jackson

treads this precarious line determinedly, the rhythm section clattering about pleasantly behind and dreadlocked Don Byron squeezing in only occasionally with leaning clarinets. Opening at the QEH with Aaron Copland's *Billy the Kid* suite, he moved jauntily through the Americana of Muddy Waters, Dylan and Charles Ives, the dislocated arrangements and earnest knock twiddling giving alternately comic and poignant meaning to "classics". The resulting abstraction is as fresh and intelligent as that of his peers in the other camp - but is it still jazz?

Tour continues to Dartington, Cambridge, Southampton, Leeds, Birmingham and Sheffield. Sponsors: Arts Council Contemporary Music Network

regarded as valuable Walton, although the composer seems to have retained an interest in his film scores (I recall him making a special visit to see his *Hamlet* at the Aldeburgh Festival in the 1970s).

What ensured this first concert of the pair was an important event, as opposed to a merely enjoyable one, was the deeply felt performance of the Cello Concerto, which came in between. To judge from the heady atmosphere they created from the opening bars - sultry evenings on Walton's *Ischia* perhaps, tempered by pensive and melancholy - Mischa Maisky, the cello soloist, and Ashkenazy would seem to have a hot line to Walton's unique sound-world. If the next ten years are to see a widening of Walton's popularity, this Concerto looks a good place to start.

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I had to sell my fiddle.

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THE PRESS Complaints Commission, so trenchantly rubbished by Sir David Calcutt's report on press and privacy, seems still to show signs of unintelligent life.

This week it invited Prince Charles, the Prince of Wales, to complain to it about the publication of tape recordings alleged to be between the heir to the throne and Mrs Camilla Parker Bowles.

The Prince, of course, will do no such thing. His advisers over recent years may not have been the most brilliantly perceptive of their generation of Sandhurst graduates but even the most inbred of equestrians is surely not so morose as to plunge the Prince voluntarily into further controversy with the press.

It is, besides, condescending of

Charles understands the Morse code

The Prince of Wales, says Dominic Lawson, is not taken in by all the tabloid fairy tales

Lord McGregor, the accident prone chairman of the Press Complaints Commission, to imply that the Prince and his staff would not already have considered and rejected such a suicidal course of action.

They had decided months ago, when the *Daily Mirror* first revealed the existence of the tapes, that to take any action against newspapers considering publication of them, on grounds of an invasion of privacy, would be to acknowledge that the tapes were genuine. For it is not far-fetched to suggest that most ordinary people - that

is, those who do not write for or run newspapers - regard what they read in the tabloid press as fantasy. Often hugely enjoyable fantasy, but fantasy nonetheless.

The coverage of the Royal family in particular has come so much to resemble a soap opera, that most readers will be too bemused and confused to know what is real, what is based on reality, and what is sheer fiction.

The soap opera effect is greatly enhanced by the press's increasing tendency to cover the lives of fictional television characters as if they were real people. This week

even the serious broadsheet press carried on their news pages reports of the fate of an invented television detective called Chief Inspector Morse. As for the tabloid papers, they had whole pages devoted to convincing their readers that, somehow, Chief Inspector Morse is a real person, rather than just a lucrative part of the repertoire of the actor John Thaw.

This tendency of the press to write about television characters as if they were real people is merely an exploitation of popular wishful thinking. We have always warmed to the story-teller's art of confusing

fact and fiction. The success of such long-running radio series as *The Archers* is precisely because many listeners regard the script-writers' inventions as the dialogue of real people, overheard, as if through a particularly porous neighbour's wall.

The Prince of Wales's advisers should take heart from this phenomenon. Indeed so should the whole Royal family. They should - if they do not already - recognise that there are two public views of them, coexisting, but mutually

contradictory.

First, there is what the public see at Royal occasions: processional, full of pomp and circumstance, immaculately choreographed by centuries of tradition. This looks and is real (indeed the public can go and watch it) even though it is denounced by such Labour MPs as Jack Straw and Marjorie Mowlem as out of place, not of this century.

Second, there is the Royal family as it is written about in the popular press. This is not real, because it is not tangible, it does not correspond to what we see of the royal family on our television screens, to offi-

cially sanctioned programmes such as Elizabeth R. Such programmes are denounced by the new realists as a public relations gloss, a deception upon the public. But they are far more powerful in forming the public image than any amount of hostile investigative journalism.

Newspapers are right to pander to the television image of Chief Inspector Morse: they know that the public believes what it sees, not what it reads. So the Prince of Wales is right to steer well clear of the Press Complaints Commission. That is part of the world of fantasy which has not got the power it thinks it has to take away his right to the throne. Instead he should continue to stick to processions, grand gala openings, and polo. That is the real world, or at least the one we all want to believe in.

■ Dominic Lawson is Editor of *The Spectator*.

NATIONALITY, race, religion: sometimes these labels seem to serve only as a pretext for murder, or for war.

Mehrura is a Moslem, her husband Majo a Serb. They are well-educated, middle-class refugees from Sarajevo, the besieged capital of Bosnia-Herzegovina.

Mehrura Muminovic was born in Banja Luka in northern Bosnia, has an Arab name and comes from a Slav family that converted to Islam hundreds of years ago under the Turkish occupation. She has visited a mosque only once. She used to think of herself as Yugoslav. Now she calls herself Bosnian. Emotionally, she feels English.

As a child she was required to declare her race: Serb, Croat or undecided. "I came back from school and asked my father: 'What shall I say?' He said: 'Who do you sit with?' I said: 'Duna, a Croat girl.' So I said I was Croat. When I was 12 they asked me again. My mother said: 'Who are you sitting with?' I was sitting with Svetlana, so I wrote down 'Serb'.

"Finally we were able to call ourselves Yugoslavs. So I became Yugoslav for the rest of my life. I couldn't say I was Moslem because that was a religion, and we weren't religious in any way."

Her husband interrupted. "Moslem is an unhappy name. You could never have found a more tolerant version of Islam anywhere in the world than in Bosnia. These people are Slavs. They are not descendants of Turks. They are pure Slavs as you can be in the Balkans. And all the Moslems, or most of them, consider themselves to be part of Europe."

"But a terrible thing could be taking place. Feeling betrayed, feeling left alone for slaughter, the previously docile Moslems could really become what is called fundamentalist."

Majo Topolovac was born in Sarajevo. The couple met there while working for Bosnian television. In 1969 he secured a four-year contract with the BBC World Service in London, where the pair married and where their two children were born. Because of that, they were able after returning to Sarajevo to evacuate their children in 1991. Mehrura, learning she was on two death lists, escaped last April. Majo, after months living in the TV building under shell and sniper fire, where he filed over 100 reports for the western media, secured a UN pass last August.

Today the warring parties are due to meet again in Geneva to discuss the proposed cantonisation of Bosnia-Herzegovina along ethnic and religious lines. For Mehrura and Majo Topolovac, however, this is an *ex post facto* solution. The civil war, they say, was not caused by racial or religious tensions: those were merely the instruments deployed, with the help of sycophantic journalists, for power-grabbing by a corrupt and opportunist ex-Communist clique.



Tony Andrews

The couple are vociferous in their analysis of the causes of the Yugoslav bloodbath but they seem helpless to comprehend its brutality. They concede, however, that history played some part.

Majo said: "This is what I

call the grandfathers' war. You have grandfathers, especially in Serbia, with their grandchildren on their knees whispering in their ears: 'We have to pay them back, these Moslems, these Turks, these Croats.' It's their distorted

view of history, their unfulfilled hatreds which they learned from their own grandfathers."

His wife said: "It all really depended on the way you were brought up. In my case, I was told by my mother that her

parents were killed in front of her eyes by the Ustashe (Croat fascists) - but I was told only when I was 25 or 26. She could have brought me up hating Croats. She could have brought me up religious. But she didn't."

Majo said: "On my father's side, 43 males were killed in the last war, the youngest a child of two and a half, mostly by Ustashe but also by Chetniks (Serb nationalists). That was because my family were anti-Nazi, anti-fascist - not really pro-Communist but pro-socialist."

"Yet I was never brought up to hate. I was not told that Croats killed my father: it was the Ustashe. It's very important to draw this distinction between ordinary Serbs and these extremists. Even if 100,000 Serbs are involved in this war, what about the other 9,900,000 who are not?"

Ethnic tensions were whipped up by propaganda, said Mehrura, in what she called a "media war". Objectivity was abandoned, journalists took sides, and the public was fed a diet of preposterous lies - for example, that Moslems had been feeding Serb babies to the lions in Sarajevo zoo. Some of these journalists, Mehrura said, should be tried as war criminals.

So who started the war, I asked?

"Ask yourself who hopes to gain from it," Majo said. "The old opportunist members of the Communist Party. It was the only way for them to stay in power."

It was an opportunist war exploiting a peasant mentality. "During the shelling of the water queue in Sarajevo, one magnificent old man shouted up to the hills in Serbo-Croat: 'You peasants! He didn't deserve peasants as such, what he meant was this mean mentality that allows you to shell even a water queue.'"

"It's what rural life can do to civilised people," said Mehrura. "You call it a civil war. Actually it is a war by uncivilised people against civilised people, by peasant, illiterate crooks and gangsters attacking normal, intelligent, civilised people."

Her husband twisted his head to the side and drew his hand across his throat: "They are peasants who kill people like killing pigs. In fact, they are trained to kill like that."

Mehrura and Majo Topolovac may be accused of having a partial view. They are a sophisticated and versatile couple. Outside her radio and

television work Mehrura has trained as an actress and fashion designer and she paints in her spare time. Majo has written plays and won prizes for his children's stories. They were both admirers of Tito, though not practising Communists.

Mehrura said: "To my mind the only mistake Tito and the Communist Party made was that after the war we should have all declared ourselves Yugoslavs and had our religions if we wanted. It was ridiculous to have to declare your nationality as if it was equivalent to your religion."

Are you sorry Communism collapsed?

"It is a war... by peasant, illiterate crooks and gangsters attacking normal, intelligent, civilised people"

Majo replied: "No. I think it was a better alternative than this senseless killing. But no, it was a dead end - as practised there, anyway."

They both agreed that war was made possible by the weakness of the federation after the 1974 constitution that gave republics virtual statehood. It had been launched by opportunist politicians and crooked businessmen as a cover for their corruption, and reinforced by the confiscation of some \$12bn (£7.8bn) of hard-currency savings mostly accumulated by Yugoslavs working overseas.

Now they are in exile themselves and drawing the dole in a cheap flat in north London.

"I think I lived here in my previous life," said Mehrura. Majo, always the more restless and talkative, chipped in: "We

really feel we belong here. We always looked on England as the Old Country. We felt emotionally English. We are terribly pro-British and pro-Royal family. Nationality is what one feels oneself to be deep inside. It's a matter of emotional choice, like choosing one's wife. You just feel it's her. We should never have left."

I asked them whether, therefore, they understood the west's hesitancy about military intervention to break the siege of Sarajevo.

"It's totally incomprehensible," Mehrura said. "In the beginning the situation was so clear that

anyone in their right mind would have intervened. If they had silenced the artillery round Sarajevo last April or May that would have stopped the war."

The Serb extremists had already lost the war, said her husband, because they were overstretched and undermanned. They were now hoping to buy time to gather themselves for the push against Kosovo, possibly Macedonia, and later against Albania and Bulgaria. That would draw in Greece and Russia, Turkey and the Islamic nations - we would see an "Orthodox jihad" against Moslems and Catholics.

I pointed out that western governments were unwilling to risk their soldiers' lives in a war their electorates did not understand. Should our soldiers be ready to die under a UN flag?

Mehrura answered: "Nobody likes that soldiers are killed, but soldiers are for that. That's why they have decided it's going to be their job. I wouldn't like any soldier to die, but yes, I think so."

What has this whole experience taught you?

"I think this should be said," Majo replied. "Now I know that what is considered to be impossible is actually possible. No one really believed that such atrocities could take place."

"Now I know how thin this crust of what we call civilisation is, how thin and how fragile. We all thought it was impossible in Yugoslavia. We all think it's impossible in Europe. But Hitler was only 30 years ago."

"Civilisation is just thin ice and you can so easily fall through that ice into this murky and turbid water of mutual killing, which is endless if not stopped. This is the main lesson I draw."

Mehrura was reflecting while her husband spoke.

She said: "I am just saddened that cynicism overrules everywhere. I am pretty sure that 100 per cent of the world's politicians know exactly what's happened there. When I say cynical, I mean that for selfish or other reasons they don't do anything to help at least those innocent civilians. Yet how come they suddenly decide they have to intervene again in Iraq?"

Do you want to go back?

"No, I don't. It's not my city any more. How can I trust anyone any more?"

Do you have no feeling of guilt that you are here, safe?

"I don't feel guilt because here I can disseminate the truth, talk to ordinary people. Anyway, we had to leave. They would have killed us."

Is there nothing for you to go back to even if peace is restored?

"For me not - apart from my family and friends. The country that used to be doesn't exist any more. They have destroyed everything - even our woods where we loved to go mushrooming. They have destroyed even our woods, our beautiful mountains."

Majo spoke. "It's not Sarajevo any more."

You have no country left to love?

"You have answered it."

A few unpalatable facts

Michael Thompson-Noel



UNTIL Tuesday, there was not a lot I knew about the European single market. Without exaggeration, the quantity or mass of what I did not know about the European single market was in danger of collapsing, under its own gravity, into a black hole, to go with all the other black holes that astronomers are discovering.

On Tuesday, however, there was an FT survey - *The European Single Market* - which set everything to rights. Witty and authoritatively, it plugged the black hole of my ignorance with analysis, graphs and matter. One of the articles I enjoyed was a piece by David Marsh that sought to dispel anxieties about life in the new Europe.

It was couched in the form of 'assertions' and 'facts'. For example: "ASSERTION: A Commission directive will oblige fishermen to wear hairnets aboard their boats. FACT: Untrue." The writer (he happens to be a twin, a fact resonant with disconnectedness) then explained why this was untrue. All that is wanted is strict hygiene conditions at fish-processing plants, including the wearing of head-covers. Similarly, he gave the lie to the assertion that EC

regulations require Christmas trees to sport regularly-spaced needles, or that the EC wants to outlaw the dye that gives smoked haddock its "distinctive golden hue."

All extremely jolly. Not to be outgunned, I decided to employ the astounding resources available to this column in such a way as to put the Marsh formula of assertion and counter-assertion to global and cosmological use.

ASSERTION: Readiness by the world's central banks, which hold 35,000 tonnes of gold, to sell some of this metal, is a bleak pointer for the gold price, currently rolling drunkenly at around \$330 an ounce.

FACT: Untrue. Two months ago I sold \$3,250 worth of gold shares. This important market indicator should loom as large on all graphs as Phidias's chryselephantine statue of Zeus loomed at Olympia, before its removal to Constantinople, for it signals an imminent recovery in the gold price, perhaps of some magnitude.

ASSERTION: Italy's crack-down on the Mafia, plus efforts by the Rome gov-

ernment to control the budget deficit, overhaul the economy, eliminate corruption and initiate constitutional reform, mean that prospects are looking rosy for Europe's most stupid country.

FACT: Untrue. Italy cannot be salvaged. The barbarians are at the gate. Book your holiday now, before it disintegrates entirely.

ASSERTION: The French are becoming less selfish and more neighbourly.

FACT: Untrue.

ASSERTION: The arts are not in terminal decay.

FACT: Untrue. The

arts are all washed up. Good music ended with Rakhmaninov, Picasso had his moments, but no one will ever paint a better picture than Botticelli's *Primavera*. Literature and architecture are scuffling round in circles. From now on, the only worthwhile art will be that produced by computers.

ASSERTION: The eclipse of Soviet communism heralded the end of totalitarianism.

FACT: Untrue. With world population growth spiralling out of control, nations

will indeed coalesce into Orwell's Eurasia, Eastasia and Oceania, with the apparatus of government in each of these blocs shared between the four great ministries of *Nineteen Eighty-Four*: Ministries of Truth, Love, War and Plenty.

ASSERTION: NASA's *Seti* programme - its Search for Extraterrestrial Intelligence - is proving a damp and costly squib. No alien radio transmissions have been detected and none can be expected, because *Man* is alone in the universe.

FACT: Untrue. NASA has eavesdropped on thousands of alien conversations since *Seti*'s launch last October, but is too terrified to admit it. The reason for NASA's dread is its discovery that Earth is regarded as the pariah of the galaxy. Reason: Earth is the only planet in the Milky Way on which a warring, cannibalistic, drug-crazed, pig-ignorant and irredeemably criminal species devoted to xenophobic mass killing and the destruction of its own environment has ever reached the summit of the food chain. Anxious to help out, a group of alien civilisations has attempted to provide Earth with better leaders. John Major is a robot. But there are problems with his circuitry. Some of his wires are crossed. These civilisations have fonder hopes of the model installed in the White House this week.

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